

**THE EFFECTIVENESS OF MENTORSHIP PROGRAMME OF  
MOGALE CITY LOCAL MUNICIPALITY FOR SMALL, MEDIUM  
AND MICRO ENTERPRISES**

BY

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## DECLARATION OF OWN WORK

I, Avhasei Erson Makhado, declare that **“The effectiveness of mentorship programme of Mogale City Local Municipality for small, medium and micro enterprises”** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references. The dissertation is submitted in partial fulfilment of the requirements for the degree of Magister Technologiae in Business Administration at the University of South Africa, Pretoria. I further declare that this research work has not been submitted before for any degree or examination.

.....

Signature

(AE Makhado)

.....

Date

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## ABSTRACT

The study was undertaken to investigate the effectiveness of the interventions made by the Mogale City Plato mentorship programme to promote growth and sustainability of SMMEs. Though there have been interventions through the Plato mentorship programme to help develop SMMEs, there is still a high failure rate of small businesses in MCLM. The study will therefore evaluate if the Plato mentorship programme achieved its envisaged aim.

A structured research instrument (questionnaire) was used to collect data through a self-administered survey. Questionnaires were distributed to the respondents by the researcher, and 100% of the questionnaires were returned for analysis.

The results of the study showed that Mogale Plato mentorship programme adds value and advances small businesses and entrepreneurship. The study concluded that owners that took part in the MCLM Plato mentorship programme acknowledged that the programme was effective and increased business performance. The study showed that owners are faced with different challenges in running their businesses, which spoke volumes regarding the effectiveness of the mentorship programme. The findings also revealed that a majority of business owners benefited from the assistance received from MCLM Plato mentorship programme.

The study recommends that MCLM sets up an office for mentoring individuals/groups in the municipality. This means that within MCLM, there should be a mentoring office and training twice a month that is aimed at helping business people know how to improve their businesses and manage challenges and take advantage of opportunities around them. The study also recommends that the municipality to create an incubating site for new owners/managers. The new owners/managers could share common services such as secretarial services, bookkeeping, and boardrooms.

**Key terms:** benefits, business intervention, challenges, entrepreneur, entrepreneurship, general management skills, government support, management, mentorship, Mogale City, Plato, small business, SMMEs and types of intervention.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

DHET	Department of Higher Education and Training
DTI	Department of Trade and Industry
FEDCI	Forum for Entrepreneurship Development Centres
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GEP	Gauteng Economic Propeller
IDP	Integrated Development Plan
JCCI	Johannesburg Chamber of Commerce
LED	Local Economic Development
MCLM	Mogale City Local Municipality
MFI	Microfinance Institution
OBE	Outcomes-Based Education
SME	Small and Medium Enterprise
SMME	Small, Medium and Micro Enterprise

# **CHAPTER 1: INTRODUCTION AND BACKGROUND TO THE STUDY**

## **1.1 INTRODUCTION**

In this chapter, the context, aims, objectives and benefits of the study are set out. Also, important concepts that pertain to the study are clarified, and operational definitions of constructs that are used in this study are given. An outline of how this dissertation is structured is also given.

## **1.2 CONTEXT AND BACKGROUND OF STUDY**

Mentorship is defined as supporting and encouraging people to manage their own learning in order to maximise their potential, develop their skills, improve their performance and become the person they want to be. This simply means helping another individual be the person they want to be and achieve their goals and objectives (Muchau, 2013).

Mentorship as a practical process of disseminating skills in businesses has been widely used in small, micro and medium enterprises (SMMEs) to undertake job training and development, with implications for implementing high-quality customer services and selling skills. Coaching and mentoring skills should form the basis for imparting skills to SMME owners/managers. Mentorship, in particular, has become a popular strategy to involve most business partners from business to community developments. It requires the teaming of a knowledgeable person with a learner to enable transfer of information, skills and expertise. It allows greater flexibility in timing and location of learning.

Mentors are described as leaders who engage themselves in deliberate actions in organisations geared towards promoting learning. It involves unique human interventions usually known as mentoring programmes to provide support to employees, and SMME performance and competitiveness (Kent, Dennis & Tanton, 2003:442). Though there have been interventions through the Plato mentorship programme to help develop SMMEs, there is still a high failure rate of small businesses in Mogale City Local Municipality (MCLM). The study will therefore investigate if the Plato mentorship programme achieved its envisaged aim. This research intends to survey SMMEs in and around MCLM that took part in the Plato mentorship programme with the purpose of establishing if the programme is successful.

### **1.2.1 Effectiveness of mentorship programmes**

Hudson-Davies, Parker and Byrom (2002:251) argue the importance of implementing mentoring in a systematic way in order to work effectively. The foundations of a mentoring programme should include identifying the need and formulating appropriate goals for the development of the programme. The next step included recruiting mentors and mentees, providing inductions and conducting the matching. The final part of the programme includes providing support mechanisms for both mentor and mentee and evaluating the programme. When developing a mentoring programme, paying special consideration to some aspects of planning can maximise the likely success of the mentorship. St-Jean and Audet (2009:148) indicate that trust is of utmost importance, and both the mentor and his/her mentee have to respect the “moral contract” they established at the beginning of the relationship. Finally, the mentee expects the mentoring relationship to produce visible results in his/her firm.

Douglas (1997:91-99) recommends outlining and discussing the aims of the programme with mentees. The programme aims should not only be defined but also be clearly communicated with potential mentors and mentees, and programme coordinators. This communication would help reduce the likelihood of misunderstanding about roles and expectations of the programme participants. Mentors and mentees need to clearly understand what their role in the programme is. A well-structured mentoring programme can benefit a business, as it can broaden staff’s insight into the mentee’s business; increase productivity and improve the mentee’s performance; help to engage employees, which should lead to better retention levels; give the mentor a sense of responsibility and the satisfaction of passing on their skills knowledge; and build relationships between employees by encouraging the exchange of information and experience.

Tovey (1998) suggests that in order to minimise misunderstandings, a basic set of rules needs to be developed. While these rules are expected to vary from programme to programme, Tovey suggests the following: that the mentee’s personal life and experiences will only be discussed by invitation of the mentee; mentors will not make excessive demands on the time of mentees; mentors will assist mentees to obtain their goals but will let them run their own show; and final knowledge of the mentee will only be passed on with the permission of the mentee. Rules are developed after a discussion between the participants, but both mentors and mentees might need to agree to some rules covering their association to the programme.

In a British study, Kent, *et al* (2003:443) found that a one-year mentoring programme enabled small and medium enterprise (SME) retailers to reach their objectives – maximising sales, adapting to change and developing new ideas. Mentorship not being effective may be a reason why there is a “challenge” of mentorship.

### **1.2.2 Mogale City Local Municipality**

Mogale City Local Municipality is one of the municipalities in the Gauteng province situated at the western side of Johannesburg. It forms part of the West Rand District Municipality that covers four local municipalities, i.e. Randfontein, Westonaria, Mogale City and Merapong City. Mogale City Local Municipality is made up of the following areas: Kagiso, Azaadville, Krugersdorp, Munsieville, Muldersdrift, Tarlton, Sterkfontein, Magalies and Hekpoort. The community survey (2011) from Statistics South Africa (2012) shows that the total population of Mogale City is 362 422. The same study indicated that 24.6% of MCLM residents are unemployed. This illustrates that MCLM has an enormous task of reducing the unemployment rate and requires all efforts to be geared towards the creation of new jobs, skills development, assistance to small business, opportunity for self-employment, and sustainable community livelihoods (Mogale City Local Municipality, 2011:18).

The Gauteng Provincial Government has adopted the Plato model for all 15 Gauteng municipalities. Gauteng Economic Propeller (GEP), as the provincial agency responsible for SMMEs development, funds the project, and the Johannesburg Chamber of Commerce and Industry (JCCI) acts as project managers. At local level, the Local Economic Development Managers (LED managers) from each municipality coordinate the project.

The MCLM Enterprise Development, a section within the Economic Services and Development, in collaboration with GEP, invited all SMME owners/managers in MCLM to participate in the Plato mentorship programme. As part of its strategic objective, the Enterprise Development section houses the following sub-units: tourism development, SMME, and business licensing. Their objective is to facilitate local investment, small business development, job creation and provide services by assisting in the formalisation of informal business as well as establishment of new businesses in MCLM (Mogale City Local Municipality, 2011:49).

### **1.2.3 Plato programme**

In 2007, Mogale City saw a need to support SMMEs, and through its department of Enterprise Development created an enabling environment for local business people who came through the ranks of Plato to share their success and challenges. Plato is an international mentorship programme that originates from the Belgium Chamber of Commerce (Voka), with which Mogale City has partnered. The Plato concept originated in 1988 at Jansen Pharmaceuticals in Belgium. In 1990, the Voka East Flanders Chamber of Commerce implemented this successful model for business usage. Hundreds of Belgium SMMEs are members of the Plato project, and over 300 owners/managers have participated over the years. A 2005 Deloitte study showed that SMMEs that participated in Plato improved their finances, liquidity, returns on capital and lowered their labour costs (Warburton, 2012:1).

Since 2000, the Voka Chamber of Commerce in East Flanders has implemented Plato in several European countries such as Hungary, Croatia, Slovenia, Ukraine, Romania, Ireland and Denmark (Warburton, 2012:1). It intended to provide support to small businesses and entrepreneurs through mentorship programmes. The programme's purpose is to provide strategic management, support and networking base that will ensure profitability and sustainability of businesses in the Mogale City region. Plato is a mentor-led project focusing on SMME enterprises, where managers from large companies coach groups of 15-20 business owners/managers at monthly discussion sessions. The duration of each project is between one and two years. The group members decide on a theme, and the mentor provides information and guidance on the various issues relating to the selected theme. The role of the mentor is to help the group solve specific problems relating to their businesses. Where necessary, and at the discretion of the mentor, training and expert guidance is provided (Warburton, 2012:1).

The Plato programme establishes a local business network of large and small companies. The network structure provides a highly flexible and broad-based framework of opportunities for advice, assistance, business contacts, and commercial opportunities for small businesses. Experience indicated that the network of relationships established during the Plato programme remains well beyond the programme duration, providing small businesses with a long-term support structure (English, 2015:7).

The support from MCLM through the Plato mentorship programme started bringing together business experts in 2007 to offer professional coaching to SMMEs and focus on professionalism, as this is what is needed to ensure the survival and prosperity of any existing company within MCLM. The Mogale City Plato mentorship programme, when hosting these sessions throughout the year, noticed that most of the businesses are not complying with certain business legislation, such as tax compliance and labour laws. Presentations were made by South African Revenue Service, Johannesburg Chamber of Commerce, Standard Bank (Pty) Ltd of South Africa, and local SMMEs' good business stories were shared. The other stakeholder that took part in the Mogale City Plato mentorship programme was the Department of Trade and Industry (DTI). The DTI shared information about the various government agencies with SMME owners/managers.

In a period of two years starting from January 2010 to December 2011, two groups consisting of 25 SMME owners/managers and four mentors from large enterprises held their monthly meetings at MCLM on a consistent basis. These groups of owners/managers served as the target sample in this study. Two mentors were responsible for facilitating each group. The participants were carefully selected, allowing *no competitors to be in the same group*. From time to time, a specialist was invited to introduce a specific matter in the first part of a Plato-session. In the second part, the participants discussed the topic and exchanged their experiences. It was up to the mentors to invite a speaker and to moderate the exchange of experiences between the SMME owners/managers. According to research conducted by English (2015:6), group dynamics is an important element in the transfer of knowledge. This author further emphasised the role of the mentors in creating an environment in which the transfer of knowledge is stimulated. Hence, the discussions and dialogues allowed group members to compare experiences and jointly consider individual problems and to start counselling one another (English, 2015:6).

### **1.3 PROBLEM STATEMENT**

Given that SMMEs can reduce the unemployment problem faced by most South Africans, the reality is that most SMMEs fail due to lack of business and management skills to enhance their business (DTI, 2011). Nxaba (2014:7) emphasised that in these times of high unemployment in South Africa, the need for SMMEs to alleviate the high rate of poverty due to unemployment is evident. According to Maboja (2012:1), SMMEs have a significant role to play in job and wealth creation. In their study, Tlhomola, Rankhumise and Van Niekerk

(2010:24) concluded that SMMEs have the capacity to decrease unemployment in the country based on the number of people they employ. These failures continue to occur despite business interventions implemented by government to support entrepreneurs and small businesses. On 18 July 2013, the Higher Education Institutions launched the “Forum for Entrepreneurship Development Centres” (FEDCI). This is an initiative from the Department of Higher Education and the Human Resources Development Council (in the Office of the Deputy President) and the Department of Trade and Industry (DTI) alongside the private sector. FEDIC has been formulated with the express purpose of serving as a platform for collaboration and for strategising on entrepreneurship issues in institutions of higher education. It aims to advance the alleviation of poverty and economic growth for social justice through the development of small business (Department of Higher Education and Training, 2013).

This study is investigating Plato mentorship programme in Mogale City Local Municipality. The study will focus on evaluating the effectiveness of the Plato mentorship programme with a view to establishing growth and sustainability of the SMMEs. Though there have been interventions through the Plato mentorship programme to assist in developing SMMEs, there is still a high failure rate of small businesses in MCLM. The study will therefore investigate if the Plato mentorship programme achieved its envisaged aim. This research intends to survey SMMEs in and around MCLM that took part in the Plato mentorship programme with the purpose of establishing factors influencing their sustainability and what challenges they are faced with.

Gravells (2006), in his research, found that mentoring was considered not only important but a most effective source of help for entrepreneurs in topics considered most critical, such as financial planning, marketing and pricing, and regulation, and access to information. A study conducted by Zindiye (2008) on SMEs in the manufacturing industry of Harare in Zimbabwe showed enterprise mentoring is more effective as compared to other forms of support.

South Africa, as one of the developing countries, is in dire need to see growth and sustainability of SMMEs in order to solve high poverty and unemployment levels that are currently in coexistence. Because of this need, entrepreneurship has been promoted among vulnerable groups, youth and women, among others, as a means towards a sustainable income source. This type of business ranges from small, medium and micro enterprises and requires mentoring of owners/managers in order for them to thrive. So far, SMME owners/managers

lack adequate mentoring, thus leading to failure of the SMMEs. There is also a limited knowledge on the impact of mentoring on growth and sustainability of SMMEs in the country. The country is also currently in the process of undergoing a devolution process, which places the SMME as an imperative enterprise towards its success (Muchau, 2013:9). It is due to this gap in knowledge that this study seeks to evaluate the effectiveness of the mentorship programme on growth and sustainability of SMMEs in Mogale City Local Municipality. Having discussed the problem statement above, it is equally important to focus attention on the objectives of the study.

#### **1.4 OBJECTIVES OF THE STUDY**

To address the research problem of this study, the primary objective is to evaluate the effectiveness of the interventions made by the Mogale City Plato mentorship programme to promote growth and sustainability of SMMEs, as implemented by MCLM.

To achieve the primary objective of the study, the following secondary objectives are set:

- To determine the different types of business interventions implemented by the Mogale City Plato mentorship programme.
- To determine the benefits received by small business owners from the mentorship programme.
- To evaluate the challenges of small business owners at MCLM are facing.

A discussion of these research objectives finds expression in the literature review (Chapter 2).

#### **1.5 DELIMITATIONS OF THE STUDY**

The study only focused on formal SMME owners/managers who took part in the Mogale City Local Municipality Plato mentorship programme from 2010 to 2011. A list of the participants was supplied by MCLM. A business that qualified to participate in the study met the SMME criteria as defined according to the National Small Business Amendment Act (No. 29 of 2004).

## **1.6 DEFINITIONS OF KEY CONCEPTS**

### **1.6.1 Business intervention**

A business intervention is a set of sequenced and planned actions or events intended to help a business increase its effectiveness. According to Ferreira (2007:7), a business intervention is the interference that may affect the interest of others.

A business intervention provides executives and business leaders with guidance to deal with fundamental, practical business issues.

### **1.6.2 Entrepreneur**

Different authors have come up with various definitions of the term “entrepreneur”, and the definitions do not always correspond. For the purpose of this study, the following definition will be used: An entrepreneur recognises opportunities for new products and services and obtains the finance and other resources to produce and deliver them. This person has the ability to create an enterprise where none existed before. An entrepreneur can thus also be a small business owner, but a small business owner is not necessarily an entrepreneur. Such a person might be enterprising, but true entrepreneurs habitually create and innovate to build and grow something of recognised value (Nieuwenhuizen, 2005:3).

An entrepreneur is someone who sees a need in the market, gathers the resources required, and creates and grows a business to satisfy these needs in the market. The entrepreneur takes the risk of the venture and is rewarded with profit if it is successful (University of Pretoria, 2003:6).

### **1.6.3 Small business**

Different authors define small business (SMME) differently based on where they are and the requirements of that country. For example, the definition of a small business in the United States (US) is not necessarily the same as in South Africa, especially in terms of size. This study will follow the definition as defined in the National Small Business Act of 1996 of South Africa. The Act offers an official definition of “small business” in South Africa. According to the National Small Business Act 26 of 2003, the definition covers all sectors of the economy as well as all types of enterprises, consisting of two parts – qualitative and quantitative criteria, which relate to the ownership structure of the business (South Africa, 2003). The qualitative characteristics that the enterprise must have are

- be a separate and distinct entity;
- not be part of a group of companies;
- include any subsidiaries and branches when measuring the size;
- be managed by its owners; and
- be a natural person, sole proprietorship, partnership or legal person, such as a close corporation or company.

The quantitative criteria are presented in the Schedule to the National Small Business Act, Act 102 of 1996, and classify businesses into micro, very small, small and medium enterprises, using the following guidelines in respect of different sectors of the economy (Nieman and Nieuwenhuizen, 2014:11):

- total full-time paid employees
- total annual turnover
- total gross asset value (excluding fixed property)

## **1.7 ETHICAL CONSIDERATIONS**

Ethics are norms or standards of behaviour that guide moral choices about people's behaviour and their relationships with others. The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities (Cooper and Schindler, 2014:28).

In addressing ethical issues, the following was taken into account: Firstly, ethical clearance was requested from the Department of Business Management within the Unisa College of Economic and Management Sciences. Secondly, an informed consent was obtained from the participants by issuing a letter that explains the purpose of the research. Thirdly, participants were further informed of their rights to participate or not to participate in the research. Fourthly, they were informed of their anonymity, since no personal identifiers were used. Finally, participants were also informed that data collected will be used solely for the research.

## **1.8 CHAPTER LAYOUT**

The study will be divided into five chapters. The chapters will be structured as indicated below.

### *Chapter 1: Introduction*

This chapter introduces research topic and discusses the background to the study, the problem statement, objectives of the study, delimitations, definitions of key concepts, ethical considerations, and the layout.

### *Chapter 2: Literature review*

The chapter deals with the theoretical and empirical literature reviews of the study. Literature will be sought from textbooks, published papers, the Internet, government documents, newspapers, business magazines, and articles.

### *Chapter 3: Research design and methodology*

This chapter deals with the description of the research design and methodology used to conduct the research. The chapter also covers the study populations, sampling, data analysis and data collection instrument (questionnaire).

### *Chapter 4: Analysis and interpretation of the data*

In this chapter, the data analysis and results of the study are explained. The results are presented and also interpreted.

### *Chapter 5: Conclusion and recommendations*

This chapter presents conclusions drawn from the findings and will also make recommendations on improving business interventions as well as suggestions for future research.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 INTRODUCTION**

The previous chapter provided an introduction and background to the study. This chapter contains the literature analysis that is aimed at guiding the study on SMMEs in Mogale City Local Municipality. The chapter starts with a brief discussion of mentorship. Entrepreneurship and entrepreneur were discussed to adopt the process approach to entrepreneurship. The theoretical foundation of this study is based more on mentorship, SMMEs, definition of management, business intervention, and challenges faced by SMME owners/managers, and measuring the effectiveness of mentorship literature.

Given the vast amount of literature on business success, this chapter should not be regarded as a comprehensive review; it merely serves to highlight the importance of issues relating to the research topic. The focus of this literature review is to outline the logic used for the selection of questions/variables for the research interview. To determine the concepts to be used in the theory of the study, a comprehensive number of scholarly works (including textbooks, articles in leading academic journals and annual conference proceedings in disciplines such as entrepreneurship, social psychology, economics, marketing, management, organisational behaviour and organisational theory) were used.

The chapter is divided into seven sections, which are as follows:

- (1) In section 1, mentorship is investigated. This is a brief discussion of what mentorship is, different types of mentorships and benefits of mentorship.
- (2) In section 2, nature of SMMEs or entrepreneurship is investigated. This is a brief discussion on the nature of entrepreneurship, entrepreneur and small business.
- (3) In section 3, the definition of management and different types of business intervention are investigated. This is a brief discussion of management, since management was identified as the main reason why SMMEs fail. Additionally, the different types of business interventions were discussed in order to understand the importance of business support.
- (4) A summary of the benefits of business interventions are outlined in section 4.

- (5) In section 5, challenges faced by SMMEs are investigated. This is a brief discussion of challenges faced by SMME owners/managers.
- (6) Measurement of mentorship effectiveness is investigated in section 6. This is a short discussion of how the effectiveness of a mentorship programme is measured.
- (7) Section 6 provides a conclusion of the chapter.

## **2.2 WHAT IS MENTORSHIP?**

Mentorship is a close, non-competitive, deeply personal relationship that evolves over time between two people. This relationship is formed and develops because both participants feel enriched through their association. The mentor is “a wise, experienced and trusted counsellor engaged in the active guidance and maturation of younger individual” (Osborn, Waeckerle & Perina, 1999:285).

Mentorship is certainly not a recent phenomenon. The term mentor, in fact, comes from Homer’s *The Odyssey*. During Ulysses’ numerous travels, his good friend and Mentor was responsible for the education of his son Telemachus; the goddess Athena spoke through him, thus giving him divine qualities to become the embodiment of wisdom. Today, a mentor has generally come to represent a person with certain qualities or one who is in a position of authority. Such a person watches benevolently over a younger individual, who, in turn, benefits from the mentor’s advice and support. Definitions of an entrepreneur may vary; however, not so with mentoring. Mentoring refers to a support relationship between a novice entrepreneur (the mentee) and an experienced entrepreneur (the mentor). In this relationship, mentors assist mentees in their personal development as both an entrepreneur and a person (St-Jean and Audet, 2013:98).

Gravells (2006) defined entrepreneurial mentorship as mentoring support provided to owners of small business, both at start-up and beyond. Entrepreneurial mentoring can also be viewed as a business development process for owners/managers (Gold, Devins & Johnson, 2003). This is based on the prime that there is a direct link between an entrepreneur’s actions and capabilities and the performance of their business. Mentoring is an appropriate form of support which provides mentees with the possibility to improve their management skills and learn through action by means of support of a person with extensive business experience (St-Jean and Audet, 2009:150).

### 2.2.1 Different types of mentorship

Traditionally, two main types of mentoring have been identified: formal and informal. However, as mentoring programmes develop and evolve, other types have also appeared over time. Some of these are presented below.

- **Formal mentoring:** This type of mentoring is characterised by clear guidelines and well-defined objectives and usually takes place on a one-to-one basis (Hudson-Davies, *et al*; 2002:249), where the process of matching mentors and mentees is usually conducted by a third party (company, institution, or agency) (Bisk, 2002:263). Formal mentoring programmes began to emerge in the 1970s, not only because organisations started realising the benefits of mentoring, but also because it was seen as an affirmative action strategy that ensured that women and minority groups had access to the mentoring process (Hansford, Ehrich & Tennent, 2003).
- **Informal mentoring:** This type of mentoring is characterised by individuals (either the mentor or mentee) making the selection on their own, even if a third party has encouraged the process (Bisk, 2002:263). Informal or traditional mentorship can be a highly selective and elitist process, since selection is dependent on the mentor's discretion and interest in the mentee. It is probable that some mentors will exhibit bias towards some potential mentees and not towards others based on their own cultural background (Odiorne, 1985).
- **One-on-one mentoring:** This is probably the most common mentoring model; it matches one mentor with one mentee. It allows both the mentor and mentee to develop a personal relationship and provides personal support for the mentee (Pompa, 2012:10).
- **Group mentoring:** This requires a mentor to work with four to six mentees at one time. The group can meet once or twice a month to discuss various topics. Group mentoring is limited by the difficulty of scheduling meetings for the entire group and its lack of personal relationship that most people prefer to have (Pompa, 2012:10); nonetheless, it has the advantage of providing an opportunity for individuals to discuss situations with people who have similar problems (Hudson-Davies, *et al*; 2002:253).

- **Training-based mentoring:** This model is directly tied to a training programme. A mentor is assigned to a mentee to help that person develop the specific skills being taught in the programme. This type of mentoring is limited because it only focuses on the subject at hand and does not seek to help the mentee develop a broader set of skills (Pompa, 2012:10).
- **Web-based mentoring:** This type of mentoring blends formal mentoring with technological advances to create a 21st-century process. The process is not limited by the pre-existing social or professional network of entrepreneurs in order for one to find the help they need. Mentors complete an online profile that identifies their areas of skills and expertise and provide details of their professional histories. Mentees then go online, complete their own user profile with pertinent data about what skills or learning areas they want to improve and find a mentor who can help them address those specific needs. Most web-based mentoring programmes help mentees identify potential mentors by providing them with a list of people with the expertise they are looking for. Mentees can view a mentor's profile and select the person they are interested in. Once the match has been made, the web-based programme will provide material to the participants in order to help them stay connected. These types of programmes help reduce implementation cost and reach a higher number of participants (Emelo, 2009:207).

### **2.2.2 Benefits of mentorship**

Pompa (2012:9) indicated that while mentoring has increased in popularity and literature consistently reports on its benefits as a valuable tool both in business and personal development, there are extremely few articles citing specific, measurable benefits and impacts of mentoring. This may be due to mentoring being essentially qualitative in nature or not lending itself to more quantitative evaluation. It could also be due to lack of longitudinal studies, or the fact that mentoring is often packed into more complex support programmes and is not evaluated in its own right.

A study by Garvey and Garret-Harris (2008) carried out a systematic review of over 100 studies and evaluations of mentoring schemes across a range of industry sectors. Basing their analysis on the number of citations of benefits identified by beneficiaries, they compiled lists of the most regularly quoted benefits for mentees, mentors, organisations and development agencies. Some of these benefits are as follows: Firstly, it was clear that there are benefits to

the mentee themselves, including improved performance and productivity; improved knowledge and skills; greater confidence, empowerment and well-being; improved job satisfaction and motivation; faster learning and enhanced decision-making skills; improved understanding of the business; improved creativity and innovation; encouragement of positive risk-taking; and development of leadership abilities.

Garvey and Garret-Harris (2008) also reported many benefits to the mentors as including improved performance through enhanced understanding and knowledge; increased business activity, sales and networking; increased ideas generation and knowledge enhancement; enhanced confidence and job satisfaction; new knowledge and skills; leadership development; fulfilment of human psycho-social needs; rejuvenation and improved motivation; and positive attitude to change. Furthermore, the organisations that the mentees belonged to enjoyed the following benefits: improved job creation and business performance; reduced staff turnover and improved retention rates; improved information flow and communication; help in disseminating business values and developing the culture; improved productivity; help in managing talent; improved business stability; cultivating loyalty and commitment; motivating older managers; improved morale, motivation and relationships; improving business learning; reduced labour and training costs, which provided cost-effective development; improved succession planning; change and culture change more easily managed; and provided and developed effective leadership.

The enterprise agencies identified deal with strategic change, facilitation of partnerships, innovation and change, problem-solving and better project management. Unfortunately, these benefits are not quantified but were reported with sufficient frequency and agreement that Garvey and Garrett-Harris (2008) concluded that there is agreement on the nature (if not the degree) of the benefit of mentoring. However, Noe (1988) exercised caution in assessing the impact of mentoring. He argues that mentor as well as protégé feedback should be considered in mentoring research. He found that mentors tend to overestimate the value and impact of the support they give and attributed a greater proportion of the business' success to the mentoring than the protégé.

The importance of mentorship is reflected in the Department of Trade and Industry's National SMME Directory (DTI, 2010:59), which provides details of companies offering counselling and support services, advice on managing a business, and "harnessing the business expertise, skills and wisdom of senior business and professional people". The study

therefore assumes that business owners/managers benefited from the MCLM Plato mentorship programme.

## **2.3 ENTREPRENEURSHIP, ENTREPRENEUR AND SMALL BUSINESS**

Although the terms entrepreneurship and small business are sometimes used interchangeably, they differ in meaning as explained below.

### **2.3.1 Entrepreneurship concept**

#### ***2.3.1.1 Background***

It has been boldly claimed that not only is entrepreneurship the most powerful economic force known to humankind in that it has permeated every aspect of business thinking and planning (Kurakto and Hodgetts, 2009) but also that the creation and liberation of human energy via entrepreneurship is the single largest transformational force in the world today (Timmons and Spinelli, 2009). This is because entrepreneurship is “opportunity-centred and rewards only talent and performance – and could not care less about religion, gender, skin colour, social class, national origin and the like – it enables people to pursue and realise their dreams, to falter and try again, and to seek opportunities that match who they are, what they want to be and how and where they want to live” (Timmons and Spinelli, 2009).

Entrepreneurs act as agents of change. By blending opportunity, resources and the team, entrepreneurs produce something new or distinctive in the marketplace, thereby adding value in the face of dynamic competition and a volatile environment (Urban, Van Vuuren & Owen, 2008:1-9). Entrepreneurs add further value by generating innovations, creating new markets and filling market gaps, increasing competition and thus promoting economic efficiency. They do this by identifying new opportunities for products and services; by being creative and innovative; by starting and/or managing their own enterprises; by organising and controlling resources to ensure profits; by being able to market a concept, product or services; by obtaining financial means; and by being willing to take calculated risks.

Entrepreneurship continues to have a profound effect on millions of people from all corners of the world, both as a life option as well as, as an academic field (Timmons and Spinelli, 2009). For example, from a business perspective, over the past 40 years, entrepreneurship has changed the world profoundly. Timmons and Spinelli (2009) have listed four examples of how this has happened:

- New management paradigm: Entrepreneurial thinking and reasoning have moved from the domain of high-potential, emerging firms into the realm of corporate companies.
- New education paradigm: Entrepreneurship has given birth to a new education paradigm for learning and teaching.
- New management tool: Entrepreneurship is fast becoming a dominant management model for social ventures and running non-profit business.
- New focus of business schools: Entrepreneurship is fast becoming an essential component of business school curricula.

### ***2.3.1.2 Defining entrepreneurship***

There are different definitions of entrepreneurship, as various authors define entrepreneurship differently. Kuratko (2013:3) defines entrepreneurship as an integrated concept that permeates an individual's business in an innovative manner. It is a dynamic process of creating incremental wealth by individuals who assume major risks in terms of equity, time, and/or career commitment by providing value for a product or service which may or may not be new or unique; nevertheless, the entrepreneur must somehow infuse value by securing and allocating the necessary skills and resources.

Morris, Kuratko and Covin (2008:10) and Kearney, Hisrich and Roche (2009:28) define entrepreneurship as the process of creating value by bringing together a unique combination of resources to exploit an opportunity. Entrepreneurship is any attempt by individuals to start a business or new venture creation, including any attempt for self-employment (Global Entrepreneurship Monitor (GEM), 2012:12). Entrepreneurship is defined as the process through which a prospective entrepreneur pursues opportunities without regard to the resources that they presently have. This essentially means the ability of the entrepreneur to combine all other production means, namely, natural resources, capital, and labour to ensure that the business become a success (Strydom and Nieuwenhuizen quoted by Lekoko, Rankhumise & Ras, 2012:12024).

Swanepoel (2008:26) indicated that entrepreneurship is a dynamic process of vision, change and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the

willingness to take calculated risks – in terms of time, equity, or career; the ability to formulate an effective venture team; the creative skill to marshal needed resources; the fundamental skill of building a solid business plan; and finally, the vision to recognise opportunity where others see chaos, contradiction and confusion. Rwigema and Venter (2004:6) defined entrepreneurship as a process of conceptualising, launching and through innovation, nurturing a business opportunity into a potential growth venture in a complex and unstable environment.

Spinelli and Adams (2012:87) defined entrepreneurship as a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced for the purpose of value creation and capture. Entrepreneurship results in the creation, enhancement, realisation and renewal of value, not just for owners but also for all participants and stakeholders. It requires a willingness to take risks – both in a very calculated fashion in order to constantly shift the odds of success and balancing the risk with the potential reward.

### **2.3.2 Entrepreneur**

An entrepreneur is an innovator who recognises and seizes opportunities; converts those opportunities into workable ideas; adds value through time, effort, money, or skills; assumes the risks of the competitive marketplace to implement these ideas; and realises the rewards from these efforts (Kuratko, 2013:4). Nieman (2006:4) and Nieman and Nieuwenhuizen (2009:10) defined an entrepreneur as a person who sees an opportunity in the market, gathers resources, and creates and grows a business venture to meet consumer needs. The role of entrepreneurs in the economy is to identify and exploit opportunities by creating and capturing value, bearing uncertainty in exchange for a potential profit (Schumpeter, Knight & Kirzner quoted by Holmen and Mckelvey, 2012:1). According to Schaper (2005), an entrepreneur is easy to recognise and hard to define. He defines an entrepreneur as an individual who conceives new business opportunities, who takes the risk to convert those ideas into reality. He views entrepreneurs as people who are able to identify new commercial ventures (which often involves ‘looking outside the box’), examine issues in fundamentally different ways to more conventional approaches, incubate ideas and champion their adoption, assemble resources needed to bring the idea into a commercial reality, and finally launch and grow the business venture.

According to Nieuwenhuizen and Rossouw (2011:14), entrepreneurs recognise opportunities for new products or services and obtain the finance and other resources to produce and

deliver them. The finance and other resources may come from themselves or from other sources. Entrepreneurs are inclined to take risks and are generally associated with economic growth.

Entrepreneurs are risk-takers; they are aware of the risks they face, and they manage those risks. They take calculated risks and not high or wild risks. They take risks after looking at all relevant factors and deciding whether their chances of success are high. Types of risks entrepreneurs face include financial risks (as they could lose the money they have invested in the business, if the business fails), career risks and health risks such as stress. They may put their families at risk because they do not have time to spend with them due to the amount of time it requires to start and manage a business (Nieman and Nieuwenhuizen, 2014:29). Okpenge, Enechojo and Ihuoma (2013:121) indicate that an entrepreneur can be defined as one who undertakes innovations, finance and business acumen in an effort to achieve. According to Anyakoha (2006), an entrepreneur is one who sees or assumes risks, identifies business opportunities, gathers resources, initiates actions, and establishes an organisation or enterprise to meet such demand or market opportunity. This definition highlights that an entrepreneur is seen as an independent, self-sufficient individual who is willing to face whatever comes as a result of decisions taken. So it can be inferred that an entrepreneur is one who has decided to start a personal business that is profitable (Okpenge, *et al*; 2013:121). For the purpose of this study, the definition of Nieuwenhuizen (2005:3) will be used as indicated in Chapter 1.

### ***2.3.2.1 Characteristics of an entrepreneur***

Characteristics of an entrepreneur play a significant role in ensuring the business success in SMEs (Islam, Khan, Obaidullah & Alam, 2011:291). These characteristics are also known as the entrepreneurial success factors that the entrepreneurs needs in order to start and manage a business venture successfully (Nieman and Nieuwenhuizen, 2014:28). Studies on entrepreneurial process have examined the entrepreneurial personality or psychological profile of the entrepreneur in order to find individual traits of successful entrepreneurs compared with non-entrepreneurs (Rwigema, Urban & Venter, 2008:68). Since there is not one all-encompassing personality profile of the entrepreneur, it is widely thought that there are certain characteristics that are necessary to meet the tasks and challenges of a new venture creation without the entrepreneurial process being hampered (Radipere, 2012:23). The closer the match between the individual's personal characteristics and these required characteristics

of being an entrepreneur, the more successful it is thought the individual will be (Markman and Baron, 2003:281). These characteristics are discussed below.

- *Passion*

People must pursue business activities they have a passion for. Entrepreneurs who pursue business activities they find interesting and fascinating are more likely to succeed (Nieman and Nieuwenhuizen, 2014:28). Entrepreneurs who are passionate about business have a strong commitment to their businesses, and even if they fail, they do not give up easily (Groenewald, Co, Mitchel, Nayager, Van Zyl, Visser, Train & Emanuel, 2006:45).

- *Locus of control*

Entrepreneurs have an internal locus of control as opposed to an external locus of control. The locus of control refers to the degree to which an individual perceives the outcome of an event to be either within or beyond his or her personal control. An internal locus of control is the belief of entrepreneurs that they can control success and setback and that they can influence the results of their actions (Groenewald, *et al*; 2006:46). People with an external locus of control believe that outside forces such as luck, fate or powerful others control and determine the outcomes of what they do (Kunene, 2008:50). Entrepreneurs have a high degree of autonomy and do not want to be told what to do by others (Nieman and Nieuwenhuizen, 2014:28).

- *Independence*

Entrepreneurs usually like to do things in their own way and have a difficult time working for someone else (Nieman and Nieuwenhuizen, 2014:29). Many people embark on entrepreneurship because they want to be their own boss. Entrepreneurs do not like to be tied down by rules and regulations.

- *Achievement*

Entrepreneurs are driven by a strong desire to succeed. They are very competitive and set themselves challenging goals because they want to excel. Entrepreneurs have a great need for achievement compared with individuals who are not entrepreneurs (Nieman and Nieuwenhuizen, 2014:29).

- *Risk-taking and uncertainty*

Entrepreneurs are risk-takers; they are aware of the risks they face and manage those risks. They often take calculated risks; however, they do not take high or wild risks. They take risks after considering all the factors and deciding whether their chances of success are high. Types of risks entrepreneurs face include financial risks (as they could lose the money they invested in the business, if the business fails), career risks and health risks such as stress. They may put their families at risk because they may not have time to spend with them due to the amount of time it requires to start and manage a business (Groenewald, *et al*; 2006:46; Nieman and Nieuwenhuizen, 2014:29).

- *Creativity and innovation*

Creativity refers to developing new and unusual ideas for products and services, while innovation refers to developing these new ideas into marketable products or services in order to take advantage of a business opportunity (Groenewald, *et al*; 2006:46). Creativity and innovation are the key ingredients needed to establish a niche market and determine an organisation's competitive edge (Rwigema and Venter, 2004:65).

- *Determination and persistence*

Entrepreneurs need determination and persistence to be able to continue trying in the face of difficulties. True entrepreneurs do not easily give up but learn from previous mistakes (Nieman and Nieuwenhuizen, 2014:30). According to Kurakto and Hodgetts (2007:120), entrepreneurs with high-potential venture and a plan that includes venture capital financing can expect investors to measure their commitment in several ways. Examples include a willingness to mortgage their house, take a cut in pay, sacrifice family time and reduce their standard of living.

- *Problem-solving*

Entrepreneurs are known for finding themselves in difficult situations and adapting to them (Nieman and Nieuwenhuizen, 2014:30). Kurakto and Hodgetts (2007:121) believed that although entrepreneurs are extremely persistent, they are realistic in recognising what they can and cannot do, and where they can get help in solving

difficult but unavoidable tasks. Entrepreneurs often have creative ways of solving problems and turning them into viable opportunities.

- *Commitment*

The characteristics and success factor of “commitment to business” refers to the willingness of entrepreneurs to commit their personal resources to the business. It is an indication of the level of confidence that they have in their business (Nieman and Nieuwenhuizen, 2014:31). A high-potential enterprise cannot be established and developed part time. It requires total commitment and involvement. Commitment means that entrepreneurs make personal sacrifices or extraordinary efforts to deal with a task. They work together with, or in the place of, employees to accomplish the task (McClelland, 1986:225).

- *Ability to gather resources*

Entrepreneurs must have the ability to gather and control the resources necessary to start, run and grow a business. Those entrepreneurs who are successful are known to be resourceful (Hisrich, Peters & Shepherd, 2010:7).

### **2.3.3 Small business versus entrepreneurial ventures**

It is important to distinguish between entrepreneurship and small business because the two are not the same. Both small business and entrepreneurial activity are critical to the performance of the economy, but they seem to serve different economic functions. Even though in both instances the owner exhibits entrepreneurial tendencies in order to start up, entrepreneurial ventures outgrow SMMEs, as they tend to stabilise at a certain stage and only grow with inflation. Webster quoted by Swanepoel (2008:27) defined the term venture as an undertaking involving chance, risk or danger – a speculative business enterprise. An undertaking that poses such challenges would require a management approach exhibiting special characteristics.

There are three characteristics that distinguish entrepreneurial ventures from small businesses (Wickham, 2004:102-103), namely:

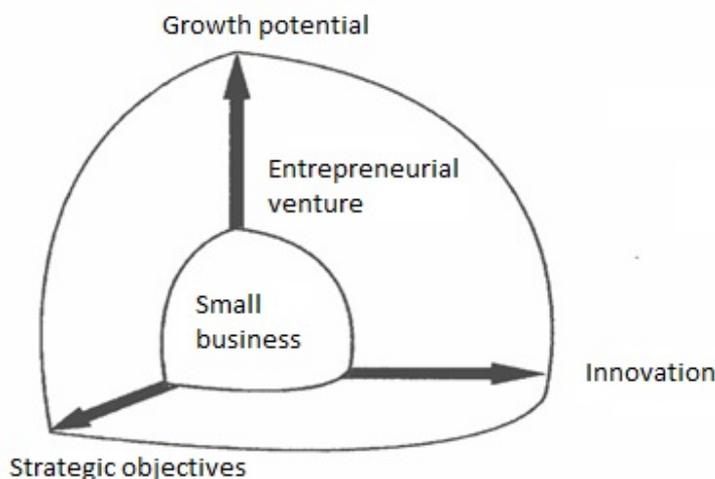
- **Innovation:** Entrepreneurial ventures are usually based on significant innovation of differentiated offerings, marketing, distribution, the way the organisation is structured and managed, or the way relationships are maintained between organisations. A small

business is only involved in established markets, products or services, while entrepreneurship is usually based on a significant new way of doing things.

- **Potential growth:** An entrepreneurial venture has greater growth potential than a small business. A small business operates within established markets, whereas an entrepreneurial venture has the potential to create its own market.
- **Strategic objective:** An entrepreneurial venture distinguishes itself from small a business by its strategic posturing and setting of objectives, such as creating a sustainable competitive advantage, market development or growth, market share, and market position.

Although a small business may demonstrate one or even all of these characteristics, it is a combination and depth of innovation, potential for growth and strategic objectives that add up to distinguish the key character of the entrepreneurial venture, namely, a business that makes significant changes to the world. It is the entrepreneurial venture that tends to create employment. Figure 2.1 shows the differences between an entrepreneurial venture and a small business. The figure has three axes: growth potential, innovation and strategic objectives. It also shows that the extent to which these characteristics are shown by the entrepreneurial venture is much greater than in a small business.

**Figure 2.1: Difference between a small business and an entrepreneurial venture**



Source: Adapted from Wickham (2004:103)

There is no universally agreed-upon definition of a small business. Scarborough and Zimmer (2003:21) defined a small business as any business that employs fewer than 100 people. In

the USA, almost 90% of companies employ fewer than 20 people, while more than half of all businesses employ fewer than five people (Kuratko and Welsch, 2004:3).

In South Africa, the National Small Business Act 102 of 2004 defines a small business as a company with a labour force equal to or less than 50, total annual turnover varying between R3 million and R35 million, depending on the sector in which it is classified (South Africa, 1996). Moreover, such a company would have a total gross asset value varying between R1 million and R6 million, depending on the sector as set out in table 2.1.

**Table 2.1: Various sectors with upper limits of employment and turnover**

<b>Sector or subsector in accordance with the standard Industrial Classification</b>	<b>Size of class</b>	<b>The total full-time equivalent of paid employees</b>	<b>Total turnover</b>	<b>Total gross asset value (fixed property excluded)</b>
<b>Agriculture</b>	Medium	100	R5m	R5m
	Small	50	R3m	R3m
	Very Small	10	R0.50m	R0.50m
	Micro	5	R0.20m	R0.20m
<b>Mining and Quarrying</b>	Medium	200	R39m	R23m
	Small	50	R10m	R6m
	Very Small	20	R4m	R2m
	Micro	5	R0.20m	R0.10m
<b>Manufacturing</b>	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5m	R2m
	Micro	5	R0.20m	R0.10m
<b>Electricity, Gas</b>	Medium	200	R51m	R19m

<b>and Water</b>	Small	50	R13m	R5m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
<b>Construction</b>	Medium	200	R26m	R5m
	Small	50	R6m	R1m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
<b>Retail and Motor Trade and Repair Services</b>	Medium	200	R39m	R6m
	Small	50	R19m	R3m
	Very Small	20	R4m	R0.60m
	Micro	5	R0.20m	0.10
<b>Whole Trade, Commercial Agents and Allied Services</b>	Medium	200	R64m	R10m
	Small	50	R32m	R5m
	Very Small	20	R6m	R0.60m
	Micro	5	R0.20m	R0.10m
<b>Catering, Accommodation and other trade</b>	Medium	200	R13m	R3M
	Small	50	R6m	R1m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
<b>Transport, Storage and Communications</b>	Medium	200	R26m	R6m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.60m
	Micro	5	R0.20	R0.10m

<b>Finance and Business Services</b>	Medium	200	R26m	R5m
	Small	50	R13m	R0.50m
	Very Small	20	R3m	R3m
	Micro	5	R0.20m	R0.10m
<b>Community, Social and Personal Services</b>	Medium	200	R13m	R6m
	Small	50	R6m	R3m
	Very Small	20	R1m	R0.60m
	Micro	5	R0.20m	R0.10m

Source: Adapted from National Small Business Amendment Act 29 of 2004 (South Africa, 2004)

Having discussed the nature of entrepreneurship, entrepreneur and small business management, hereunder follows the types of business interventions.

## **2.4 TYPES OF BUSINESS INTERVENTIONS**

Initiatives in order to support businesses, such as a friendly regulatory environment, access to financing and differential taxation, have been undertaken by the South African government through its National Strategy for Promotion and Development of Small Business (DTI, 1995). Small businesses have proved worldwide to be the engine of economic development. Despite the efforts taken by concerned stakeholders to boost entrepreneurs and small businesses, research indicates that most of them still fail (see section 1.3 of the Chapter 1). Martin (2008:68) argued that support practitioners need knowledge, skills and competencies of the practice disciplines to enable them to assist entrepreneurs and small businesses effectively in order to meet the various venture life cycle challenges. Support practitioners should thus be able to determine when a specific discipline is required and appropriate as an intervention methodology (Martin, 2008:68).

Ferreira (2007:76) indicated that there are many reasons why SMMEs fail, but the main reasons for the failure all have to do with management in some way or another. These include a lack of understanding, appreciation of business fundamentals, inadequate financial management practices, cash flow problems, labour relations, lack of knowledge resources,

skills fit, and educational input. Rankhumise (2009) and Ladzani and Netswera (2009) cited lack of managerial planning skills, ineffective working capital management, inability to manage the competitive environment and growth overexpansion as reasons for business failures. Management errors mainly occur due to lack of focus and interest of entrepreneurs. Typical management errors that contribute to business failure include slow financial feedback and control, turnover in key management personnel, wrong management focus, lack of management structure, lack of managerial competence, failure to update market knowledge and failure to adapt to new technologies (Martin, 2008:60). Seeing that management is the main reason why SMMEs fail, the researcher will briefly refer to the definition of management.

Management refers to a number of issues, such as the people and also the tasks and activities that managers do (e.g. planning, organising, leading and controlling). These management tasks and activities are carried out by different people in different jobs even if that is not their main focus. Functional managers, for example, financial, marketing and human resources managers, are still involved in managing their respective sections, and the management function surely includes planning, organising, leading and controlling (Hellriegel, Jackson & Slocum, 2005:7-8).

According to Rossouw and Louw (2005:16), management is also the “art of getting things done through people”. This means that organisational goals which have been set can only be achieved by getting other people to perform those tasks rather than managers performing the tasks themselves. Management can also be described as a process of planning, organising, leading and controlling human and other resources to achieve the goals of the organisation. This definition includes the additional management functions and tasks, i.e. coordinating, disciplining, delegating, communicating and motivating (Rossouw and Louw, 2005:16-17).

Oosthuizen (2002:99) viewed general management skills as the basic functions conducted by all managers at any management level. These skills are essential for entrepreneurs because they assist with planning, organising, leading and controlling the relevant resources. According to Viviers, Van Eden and Venter (2001:11), SME failure is often due to a lack of general management experience. Dockel and Lighthelm (2005:61) identified that general management skills are one of the key factors in entrepreneurial performance. Larsson, Hedelin and Garling (2003:206) listed planning, executing (organising and leading) and monitoring (or control) as general management skills for growing an SMME.

De Villiers and Crous (1998:353) agreed that the general management function can be broken down into five distinct tasks. These are planning, organising, leading, coordinating and controlling. These tasks are found at all levels of management regardless of the size of the business. The skills required by managers and entrepreneurs can also be sub-divided into four skills types which include technical skills (specific knowledge and techniques), analytical skills (analysis of information), interpersonal skills (communication, motivation and relationship management) and concept skills (vision, creativity and long-term orientation). Managers/owners of SMMEs need assistance, and this study focuses on the effect of business interventions in relation to the Plato mentorship programme.

It is recommended that more training interventions are needed where operations are core to the survival of many SMMEs. Skills transfers by means of training and outcomes-based education (OBE), using interactive workshops which are based on action learning and role-playing (Naidoo and Urban, 2012:159), are vital tools for skills transfer. Swanepoel, Strydom and Nieuwenhuizen (2010:75) concurred that the very poor rate of SMME success in South Africa requires, inter alia, business mentoring to ensure successful business in South Africa and the realisation of government endeavours to reduce poverty and enhance employment. In order to understand why business interventions are so important to the support and development of entrepreneurs and small businesses, the different concepts associated with business interventions are defined.

#### **2.4.1 Business mentoring – Concept of business intervention**

Business mentoring has been identified as an important activity for providing support to the SMME sector. Mentoring entrepreneurs in both the global and local environments has been recognised as important to the support and development of entrepreneurs (Watson, 2004:92). It is difficult to find a universally accepted definition of business mentoring. Bettmann quoted by Botha and Esterhuizen (2013:333) defines business mentoring as a dynamic reciprocal relationship environment between an inexperienced mentee and experienced business mentor, aimed at the development of the former. Abddin (2013:321) defined mentoring as a professional relationship or partnership between a mentor – who shares his/her professional experience – and a mentee for the purpose of empowering the mentee with similar business issues. Mentoring is a vital part of helping entrepreneurs start and grow their businesses, as people want to get support from someone who has been there and done it before (Prisk, 2012:1). According to St-Jean and Audet (2012:122), mentoring involves a support

relationship between an experienced entrepreneur (the mentor) and a novice entrepreneur (the mentee) in order to foster the latter's personal development.

Business mentoring of prospective entrepreneurs and small businesses should be encouraged. It is argued that achieving success in business does not just come easy; there needs to be much support by people with know-how (Lekhotla, 2007:21). According to Nieman and Nieuwenhuizen (2014:214), business mentoring is defined as an ongoing, long-term business counselling relationship between an experienced business advisor and a client throughout the various stages of a business venture's growth. Business mentoring could provide learning opportunities that focus on developing managerial and entrepreneurial skills and the capability of an emerging entrepreneur to grow a long-term sustainable business (Adams quoted by Nieman and Nieuwenhuizen, 2009:194). The objectives of business mentoring are

- to cover a diverse range of topics as a business develops over time towards an agreed set of objectives; and
- to provide guidance and skills transfer to emerging entrepreneurs in a supportive environment (Nieman and Nieuwenhuizen, 2014:214).

Business mentoring – formal or informal – is common in larger companies where younger employees form a relationship with a more senior person who offers guidance and career advice. The concept is catching on in growing firms, where business experts believe it can make a difference to an owner-manager's peace of mind (Finn, 2012:1). Studies have also determined that mentoring novice entrepreneurs helps them to develop cognitive and affective learning, including the ability to identify opportunities and develop a coherent vision of their business project (St-Jean and Audet, 2012:136).

Business Partners (2013), a South African company that invests in SMEs, offers mentoring services to entrepreneurs. Business Partners (2013:1) defined the role of the mentor as follows: The mentor fulfils the role of business counsellor to the entrepreneur, which implies that the full spectrum of the functions of managing business will be covered, depending on the nature and size of the business and the expertise of the mentor. Apart from advising on and assisting with basic and practical functions of management, the mentor will be involved in problems diagnosis, investigations, formulating solutions, recommendations, appropriate actions, coaching, implementation, and follow-up. Duggan (2010:8-9) contended that small

business leadership, a significant driver of economic growth, can be enhanced by mentoring emerging business leaders.

From the longitudinal study on business mentoring in the corporate environment, conducted by Kram quoted by Swanepoel (2008:107-108), it emerged that mentoring addresses the whole person and his or her career. To accomplish this, the mentor has to adopt different roles with regard to career functions and psychosocial personal functions, as summarised in table 2.2. Career functions refer to aspects of a relationship that would increase the protégé(e)'s task effectiveness and prepare him or her for advancement in the organisation, up the hierarchy. Psychosocial personal functions are those aspects of a relationship that would enhance the protégé(e)'s sense of competence, clarity of identity, and effectiveness in a professional role – building his or her self-worth.

**Table 2.2: Mentor roles**

<b>Mentor roles</b>	
<b>Career Functions</b>	
Sponsorship	The mentor opens doors that would otherwise be closed.
Coaching	The mentor teaches, provides feedback, and gives advice and direction.
Protection	The mentor supports the protégé/protégée and/or acts as a buffer.
Challenge	The mentor encourages new ways of thinking and acting, and pushes the protégé/protégée to stretch his or her capabilities.
Exposure and visibility	The mentor steers the protégé/protégée into an assignment that make him or her known to top management.
<b>Psychosocial functions</b>	
Role modelling	The mentor demonstrates the kinds of behaviours, attitudes and values that lead to success in the organisation.
Counselling	The mentor helps the protégé/protégée deal with difficult professional dilemmas. This involves active listening and acting as a sounding board rather than an expert.
Acceptance and	The mentor supports the protégé/protégée and shows respect.

confirmation	
Friendship	The mentor demonstrates personal care that goes beyond business requirements.

Source: Swanepoel (2008:107, adapted from Kram, 1988)

Swanepoel (2008:107) stated that in the entrepreneurial context, business career-related support (such as business mentoring used in this dissertation) refers to direct management or business operations advice and access to the mentor's networks. A study investigated the role of career-related support and psychosocial support in a formal mentoring programme designed to assist new business start-ups in Australia found that the entrepreneurs received greater psychosocial support from their mentors than career-related support (Waters, McCabe, Kiellerup & Killerup quoted by Bisk, 2002:267).

Ladzani and Netswera (2009:236) agreed regarding the importance of business mentoring in an entrepreneurial context and state that one of the main factors contributing to the low success rate of SMMEs in South Africa is the underdevelopment and underutilisation of business support. Business mentoring is seen as one of the most important and effective business support services. Business mentoring can be seen as a relationship between an experienced and inexperienced person, with the primary objective of supporting the personal and professional development of the junior person. The senior person coaches the junior in business skills to solidify self-confidence and sponsors the junior by actively intervening in business situations in order to advance the professional qualities and opportunities of the junior (Robbins and Judge, 2011:432).

Osif (2008:336) indicated that the business mentor is a person with explicit, applicable knowledge coupled with appropriate first-hand experience in a particular field of practice that a less-experienced person would like to have. Generally, it appears that a business mentor is a person who is willing to share his or her experiences, knowledge, know-how and skills, together with the solutions he or she has encountered in building a business and career successfully. St-Jean and Audet (2013:97) indicated that for entrepreneurs to increase their chances of succeeding, entrepreneurs must develop the competencies they lack. To achieve this, an increasing number of these entrepreneurs choose to seek the assistance of a mentor.

According to Kumbier (2013:1), research has shown that 80% of entrepreneurs who have mentors working alongside them survive in the long term, compared to only 45% who do not have a mentor. For the purpose of this study, the researcher adopted the definition of mentor's role (Business Partners, 2013), as it supports the concepts of business mentoring in an entrepreneurial context. The DTI regards business mentoring in conjunction with training as of extreme importance for small business owners to acquire relevant business skills, technical skills and vocational skills (DTI, 1995:35-37). Barrett (2006:615) indicated that mentoring is also effective because it does not only provide business advice or propose solutions to business issues but also assists a mentee in exploring options and ideas that they can use to solve their own business issues. Another positive attribute of mentoring is that it addresses the lack of time and resources many small business people have to commit to when undergoing a formal training programme (Barrett, 2006:614). In this research protocol, a business mentor is seen as a business person who provides practical and hands-on business coaching, business mentoring, business advice, and business planning programmes structured for small business owners/managers.

#### **2.4.2 Business networking – Concept of business intervention**

Business networking is an activity through which firms and professionals make contact directly and indirectly to access information, market opportunities and resources in order to improve their performance (Bennet quoted by Karlsson, Johansson & Stough, 2013:98). Business networking has been defined as a series of interconnected business relationships (Blankenburg and Johanson, 1992:6; Prekert and Hallen, 2006:384), where interactions between any two members of the networks may influence both future dealings between the two parties and dealings between those two individuals and other members of the network.

According to Saddlebacklanes (2013:1), networking is the process of intentionally meeting people, making contacts, and forming relationships with the hope of gaining access to such business-related benefits as career advice, job leads, business referrals, useful information and ideas, and emotional support. For example, a small business owner's network might include clients, vendors, fellow members of trade or professional associations, bankers, accountants, legal advisors, professors at a local business school, friends employed in similar industries, and other small business owners.

SME portal quoted by Nieman and Nieuwenhuizen (2009:192) defined networking as the art of making and using contacts. The goal of networking is to create a pool of people and

information that can directly increase the quality of one's product or service. Research studies have shown that business networks and networking have been identified as a means of enhancing business success in East Asian economies, in Europe and in the US (Besser and Miller, 2011:115-117).

According to Schoonjans, Cauwenberge and Vander Bauwhede (2011:169), business networks are valuable assets that facilitate the acquisition of resources and knowledge essential for firm survival and growth. SMEs often lack sufficient resources and knowledge to deal with the rapidly changing environment in which they operate. Through networking, they can obtain the knowledge and skills necessary to remain competitive. Besser and Miller (2011), in their study, indicated that governments worldwide recognise that SME business networks are important because they facilitate innovation and economic development. SME owner-managers value business networks because they offer trusted sources of knowledge and experience from peers (Hughes, O'Regan & Sims, 2009).

#### ***2.4.2.1 Network of mentors***

According to Swanepoel (2008:112), a business mentor with an extensive network can expose the entrepreneur to his or her network, which would have definite advantages to the entrepreneur. Investors who invest in an entrepreneur with a rich social network have access to information about the entrepreneur's project, which would otherwise have been difficult to obtain, for example, regarding his or her reliability and integrity. Cohesive social networks and connecting potential investors and entrepreneurs offer greater financial protection to the investor's interest:

- A close relationship between the investor and the entrepreneur increases the ease with which the investor can monitor the entrepreneur's business on a regular basis.
- Through mutual contacts, the investor may be alerted to problems that the entrepreneur is experiencing and can assist the entrepreneur.
- Where enforcement is required, the investor can call on mutual contacts to assist in influencing the entrepreneur (Swanepoel, 2008:112).

It was found that the existence of social networks influences entrepreneurial participation, irrespective of the culture of the relevant entrepreneurs (Klyver, Hindle & Meyer, 2008:334-335), while Davidsson and Honig (2003:325) established that networking plays a significant

role in contributing to the success of new ventures. Evald and Bager (2008:352) posited that entrepreneurs obtain new information and opportunities through networks and that entrepreneurship is characterised by the continuous reconfiguration of personal networks.

In his study, Sullivan (2000:172) concluded that mentors provide added-value interventions that are likely to affect long-term benefits for entrepreneurs. In this research protocol, the concept business networking is used as a process of business contacting and building professional relationships with other businesses, allowing each business access to information and other resources while learning about new opportunities in the field. Business networking also gives businesses the chance to act on an opportunity that may not have been identified without the help of one or more other businesses; this type of assistance helps benefit multiple businesses at once, making business networking an important part of running any business (Ward, 2013:1).

#### **2.4.3 Business counselling – Concept of business intervention**

Stone (1999) defined business counselling as a process by which business problems are diagnosed and resolved in such a way that the clients learn not only how to overcome their current difficulties, or exploit their opportunities, but also how to tackle similar situations in future. Canadian APEC-IBIZ Institute (2014:1) defined business counselling as a process through which one helps another person by purposeful conversation in an understanding atmosphere. Through process facilitation, the small business counsellor leads and assists clients to acquire the capability to assess their current situation, to assess the advantages and disadvantages of alternatives, and to make an informed decision to act or not.

According to Nieman and Nieuwenhuizen (2009:193), the aim of business counselling is to boost individual and firm performance, and this is an ongoing process for development that takes place through one-on-one meetings. From a business intervention perspective, the counselling objectives are as follows:

- to identify problems and their source;
- to evaluate actual performance against expected performance; and
- to develop action plans to bring performance up to maximum expectations.

The role of business counselling is also highlighted by Dunsby as quoted by Martin (2008:79), who states that business counselling is a process in which a business advisor

works “through and with” rather than “for” a client. As a result, clients come to own both problem and solution, and they are motivated to set objectives and take action. Business counselling is also viewed as a means to an end – that end is a profitable business, more effectively managed. Klasen and Clutterbuck (2002:14) define counselling as a process of identifying problems, analysing the problems and establishing a workable solution.

Nieman and Nieuwenhuizen (2014:214) also see the need for business counselling to provide expert help in the business start-up and growth process as well as providing a guiding hand and an anchor to hold onto in crises. Business counselling also serves to address skills deficiency gaps and to avoid crisis management.

Coutu and Kauffman (2009:97) summarise the characteristics of counselling as a concept of business intervention and as follows: Counselling explores personal issues and problems through discussion in order to increase understanding or developing greater self-awareness. They continue to state that the aim of counselling is to lead the client toward self-directed actions in order to achieve their goals. Also, many coaching relationships involve an element of counselling, but it is distinct from services offered by professional counselling services, and professional counsellors deal with personal issues in much greater depth than would generally be explored within a coaching context.

Anyamene, Anyachebelu, Nwokolo and Izuchi quoted by Ewumi, Oyenunga and Owoyele (2012:74) define counselling as help or assistance given by a professionally trained person called the counsellor to an individual or group who have challenges, to help them understand themselves and their environment with a view to solving their problems, make necessary adjustments, bring about right decisions, and finally live a satisfactory and productive life now and in the future. Vocational counselling is described as a process of assisting a person to develop and accept an integrated and adequate picture of himself and of his role in the world of work, having derived satisfaction for himself and benefit to the society (Ewumi, *et al*; 2012:74-75).

In this research, the concept business counselling is used as a process through which one person helps another by purposeful conversation in an understanding environment. Through a process of facilitation, the small business counsellor leads and assists owners/managers to acquire the capabilities to analyse a situation, look for alternatives and make an informed decision. Above all, a business counsellor practises personal competencies that develop and

build relationships to assist the client to recognise and achieve entrepreneurial and business goals and objectives.

#### **2.4.4 Business coaching – Concept of business intervention**

Business coaching has been defined as a collaborative relationship through which coaches bring business experiences together, and it focuses primarily on firm performance, business goals and individuals' contributions to that end (Clegg, Rhodes & Kornberger, 2003). Taie (2011:34) defines business coaching as the art and practice of inspiring, energising and facilitating the performance, learning and development of the coachee. Coaching helps the coachee to unlock their true potential through raising awareness, inspiring new ideas and encouraging creativity.

The business coaching process may take on different forms and involves different goals, but there is a clear focus throughout such a process for the client as well as for organisations. Business coaching is distinct from business consulting in that the consultant positions him or herself to fulfil more of an advisory role in order to help the client achieve the stated goals. The consultant is typically an expert in a particular field who is expected to provide answers to issues. The approach is directive, with the consultant being in a position of power and influence (Smith, Van Vuuren & Visser quoted by Maritz, 2013:3).

In the business environment, according to Martin (2008:87), business coaching serves to review and challenge old values, attitudes, styles of dealing with people, and strategies for getting things done, so that managers work more effectively, maintain peak performance for longer in dealing with their current particular situation and dealing with their specific colleagues at a given point in time. In the broadest sense, the aim of the business coach is to empower the client by increasing his/her understanding, sense of direction and purpose so that he/she maximises his/her contribution to the business. Business coaching is also related to a specific area or issue within the business. However, the approach is to use the skills and expertise of the coach in order to facilitate the coachee "discovering" the most appropriate option or solution to take.

Parsloe (1999:8) describes coaching as a process that enables learning and development to occur and thus for performance to improve. To be successful, a coach requires knowledge and understanding of a process as well as the variety of styles, skills and techniques that are appropriate to the context in which coaching is taking place. Business coaching has the same

purpose as coaching, but with a focus on encouraging the client to achieve their goals within the context of how they can contribute to the goals of the organisation, business or institution for which they are working. A coach helps people identify and implement new ideas, get “unstuck” and make improvements. The emphasis is on drawing out the knowledge that the client already has and offering both support and challenge to think through and implement an action plan (Trenner, 2013:27).

Business coaching differs from other forms of coaching (e.g. life coaching and executive coaching, which are person-specific) in that the focus is on skill development of the client, which is required to achieve business outcome rather than on the personal or career goals of the person being coached. Business coaching also differs from traditional training in that it is process rather than curriculum or content-based, and it occurs in the workplace and through work. The development of business coaching as both an industry and as different sets of practices represents a response to an overall shift away from the traditions of formal learning that occur outside the workplace to methods of learning that are more informally focused within the workplace and diffusely embedded in real-time practices (Clegg, Rhodes, Kornberger & Stilin, 2005).

Coutu and Kauffman (2009:97) summarise the characteristics of coaching as a concept of business intervention. They indicate that coaching actively taps into potential and fine-tunes and develops skills. Development activities, on the other hand, are designed to suit clients’ personal needs and learning styles. Coaching eliminates specific performance problems and can focus on interpersonal skills, which cannot readily or effectively be transferred in a traditional training environment. Additionally, coaching provides a client with contacts and networks to assist with furthering their career or life aspirations. Furthermore, coaching is performed in a ‘live’ environment. What is more, coaching is highly effective when used as a means of supporting training initiatives to ensure that key skills are transferred to the ‘live’ environment. Finally, coaches transfer skills to the client rather than doing the job for them.

Business coaching is the process of engaging in regular, structured conversations with a client (individual or team) in a business, profit or non-profit organisation, or institution or government who is the recipient of business coaching. The goal is to enhance the client’s awareness and behaviour in order to achieve objectives for the client and the organisation (World Association of Business Coaches, 2013:4). Audet and Couteret (2012:516) define entrepreneurial coaching as individual support for entrepreneurs whose businesses are at the

start-up or early growth stages. Its objective is the acquisition or development of skills through learning one or more management-related fields. The ultimate aim is for the protégé to become independent in the field concerned. In this research protocol, the concept of business coaching is used as a means of encouraging and sustaining a successful business through support and business advice.

#### **2.4.5 Business advising – Concept of business intervention**

Business advice is “the provision of independent, impartial and confidential information and guidance to potential and established businesses, based upon substantial business experience and current knowledge of related factors, so that clients may learn and benefit from that advice in their subsequent actions. Business advice is also related to a specific area or issue within the business on which the advisor has made a judgement as to how best to resolve the situation and can suggest or recommend a course of action” (Dunsby and Sen quoted by Martin, 2008:70).

A business advisor is pretty much hands-off. Business advisors are called in to assess, advice, counsel on a set of topics, provide recommendations, and walk away. There might be follow-up discussions after these, but generally, the actual implementation of any recommendation is performed by a company’s staff. Their only hands-on work usually involves writing up the recommendations (Walsh, 2009:1). Berry and Sweeting quoted by Martin (2008:71) indicate that typical business advice services that are rendered to entrepreneurs and small businesses include legislative and regulatory issues, business forms, human resource and labour relation issues, funding requirements and funding sources, acquisitions and partnerships, general management, accountancy services, planning and control issues, and cost control.

According to Pallais and Good quoted by Ferreira (2007:80), a trusted business advisor is accessible for assistance and advice whenever needed; does what it takes to get job the done, including follow-ups; offers innovative and creative solutions; and helps owners to figure out how to achieve their goals. Beresford and Saunders (2005:337-347) highlight that a significant number of small businesses fail because of limited management knowledge and skills. In contrast, there has been substantial growth in the number of business advisors and support personnel who work with small business owners to improve management skills and decision-making. Accountants, bankers, business consultants, lawyers and educators are among those who offer business support services to owners of small firms (Dyer and Ross, 2007:130).

Studies by Larsson, *et al* (2003:205-212) and McLarty (2005:223-238) demonstrate that the use of professional business advisors has a positive effect on a business, while Robson and Bennett (2000:193-208) show that professional advisors have only a limited impact or no effect at all on business success. The advice given by third parties, particularly professionals, have a very strong influence on the future of a business (Marcum and Blair, 2011:151). In their study, Blair and Marcum (2013:264) conclude that business advisors examine a number of factors when advising on entity formation and that these factors vary in importance depending on which entity the professional is evaluating for a particular business and the small business owner seeking the advice. In this research, the concept business advising is used to offer innovative, creative solutions and helps owners/managers to figure out how to help them achieve their goals.

Plato mentorship programme is funded by GEP and run in association with Voka-Belgium's East Chamber of Commerce. Mogale City Plato mentorship programme's mission is to provide SMMEs with a platform to learn through different experts of business and to establish a support network where ideas, business challenges and other issues relating to SMMEs' growth could be exchanged. Some of the challenges faced by the small business sector includes not knowing where to go for assistance, not knowing how to do business with stakeholders and how to access markets, and Plato mentorship is one of such programmes that close those gaps through the following types of business intervention as discussed: mentorship, coaching, advising, networking and counselling.

In their study, Schoonjans, *et al* (2013:172) indicate that the purpose of Plato is to provide intense guidance and support to SME managers (participants) by organising structured contacts with other SME managers under the supervision of highly qualified executives of large corporations (coaches). The programme aims to stimulate the exchange of experience, spillover of knowledge, and creation of networks between the participants and coaches and the participants themselves. Having discussed the types of business interventions, hereunder follows the benefits of business interventions. The study therefore assumes that Plato business intervention was successful.

## **2.5 BENEFITS OF BUSINESS INTERVENTIONS**

The above business interventions have benefits for the entrepreneurs and small business. The literature also indicates that business advice can offer general business management information to clients; counselling offers the opportunity to diagnose the nature of a problem;

consulting offers expert advice; coaching focuses on goal achievement and behaviour development; and mentoring offers the opportunity to benefit from the mentor’s personal experience and networks (Martin, 2008:95).

A summary of the benefits of the different business intervention practices for an entrepreneur and small business is provided in table 2.3.

**Table 2.3: Benefits of each business intervention practices to entrepreneurs and small**

<b>Business advice</b>	<b>Business consulting</b>	<b>Business counselling</b>	<b>Business coaching</b>	<b>Business mentoring</b>
– Provision of objective, general and professional information on various business management and entrepreneurial issues that fill a specific need; overcomes bottlenecks; or provides a strategic view of the organisation and its environment	– Detailed diagnosis of business problems	– Access to higher-level professional skills to deal with business management challenges  – Quick solution to issues	– Personal development focus  – Performance management focus  – Behaviour change/influence focus  – Goal development and achievement	– Sharing the personal experience, expertise and networks of the mentor to achieve development goals

Source: Adapted from Martin (2008:96)

Table 2.3 indicates that each business intervention practice has a role to play in resolving business challenges. This business intervention will depend on the practitioner’s ability to

determine the suitability of a particular intervention for a particular situation. All the concepts of business intervention in this study are useful for sharing business management knowledge. The requirement, however, is that practitioners must possess adequate business management knowledge in order to transfer such knowledge to clients. To operate and develop sustainable businesses, certain behaviours, characteristics, skills and competences are required from both the owner/manager and the individuals employed within the business. Having discussed the benefits of business interventions, the challenges/constraints facing SMMEs in South Africa will now be discussed. The study, therefore, assumes that business owners/managers received benefits from the MCLM mentorship programme.

## **2.6 CHALLENGES FACING SMME OWNERS/MANAGERS**

In South Africa, an unacceptable and disappointingly high number of SMMEs fail during their early years of operation, and they face numerous challenges. According to Nieman and Nieuwenhuizen (2009:35), the largest percentage of SMMEs fail during the first two years of their existence, due to cash flow problems that arise because they could not manage growth. Muchau (2013:37) sought to obtain information on what the respondents thought are the major challenges that they experienced in their business. The study concluded that despite the majority, if not all entrepreneurs, surveyed have undergone a mentorship programme; still, the challenges noted speak volumes of the effectiveness of the mentorship programme for the enterprises. This information on challenges that affected entrepreneurs is a pointer not only to mentors but also to business owners/managers regarding the need to address these challenges in as many ways as possible in order to improve SMMEs' performance.

Taking into account the high failure rate of new small enterprises and their importance to the national economy, it is critical to look at how challenges facing SMMEs can be overcome.

These challenges include:

- access to start-up and expansion finance;
- access to markets;
- access to appropriate technology; and
- access to resources (including human resources).

The above-mentioned challenges will now be discussed.

### **2.6.1 Access to start-up and expansion finance**

According to Nieman, and Nieuwenhuizen (2009:35), access to appropriate finance is a major constraint on the successful development of SMMEs in South Africa. Too many creative ideas are not developed into viable new ventures due to lack of finance. The reasons for this lack of access to finance include the following:

- risk aversion of the banking sector towards SMMEs;
- there is a decline in strong alternative financial institutions; and
- inadequate funding proposals and business plans.

According to Nieman and Nieuwenhuizen (2009:36), the above challenges could be overcome by:

- Business success: The business success and profitability of SMMEs need to be improved.
- Financial products: Financial institutions and microfinance institutions (MFIs) should provide SMMEs with appropriate financial products.
- Training: SMMEs need to be trained and coached in conducting research on and presenting funding proposals, feasibility studies and business plans.
- Financial guidance: Financial institutions must provide guidance and direction to SMMEs that were denied finance as well as give them viable reasons why their loan applications were declined.

### **2.6.2 Access to markets**

The other challenge facing SMMEs is the lack of sustainable markets for the products or services. They tend to produce and offer services that do not have a ready market. The above challenge could be addressed through the following:

- commitment to marketing training;
- commitment to the market;
- market-oriented products; and

- networking.

### **2.6.3 Access to appropriate technology**

Lack of technology is another constraint facing SMMEs. The use of appropriate technology is one of the most important factors behind a successful SMME's competitive advantage. The use of up-to-date and new technology leads to

- better and more competitive products and services;
- improved efficiency;
- reduced operational and production costs; and
- improved quality of products and services (Nieman and Nieuwenhuizen; 2009:36).

Various authors (Ladzani, 2010:76-77; Rankhumise and Rugimbana, 2010:3500; Olawale and Garwe, 2010:731) identify access to finance as a constraint to small business development. All businesses require financial resources in order to start trading and to fund growth. Lack of access or availability can be a constraint on business growth. New SMMEs can be financed from a founder's own wealth and/or by 'informal' sources such as family and friends, or from 'formal', market-based sources such as banks, venture capitalists and private equity firms.

Location has an impact on the market potential and growth opportunities of new firms. Geographical proximity to either critical buyers or suppliers produces a form of enhanced environmental scanning that enables new firms to more easily identify and exploit growth opportunities in the market. This impacts on the market prospect of new firms (Dahl and Sorenson quoted by Olawale and Garwe, 2010:731).

According to Ehlers and Lazenby (2007:108), economic factors have a direct impact on the potential attractiveness of various strategies and consumption patterns in the economy and have significant and unequal effects on organisations in different industries and in different locations. Economic factors include the fiscal and monetary policies of the government, inflation, interest rates and foreign exchange rates. These factors influence the growth of new SMMEs.

GEM (2012:51-53) cited government policies, financing and government programmes as the most constraining factors for business development in South Africa. Constraints regarding government policies included: restrictive labour laws are a massive problem; limited tax incentives; red tape; unnecessary regulatory burdens; and labour issues. The other constraints regarding financing includes: high cost of finance, crippling interest rate, difficulty in gaining access to credit, lack of early stage funding of new technology ventures, lack of microfinance initiatives, lack of bridging finance, and lack of government subsidies for early stage seed investments. The government programmes cover lack of access to skills development; superficial national government support for developing businesses; slow and inadequate government services to support small businesses; lack of coordination of available efforts or resources; no accountability or measurement within government's SME agencies; no long-term plan in place to coordinate and measure government and private sector involvement in creating and assisting small businesses; lack of access to support, such as mentoring, infrastructure, incubators, and computers; and lack of training for entrepreneurs before start-up.

Three areas in business are lacking within South Africa and the world to create sustainable SMMEs: marketing and sales; financial management; and general management including operations and logistics. Typical problems small businesses experience that lead them to being unsustainable are 37% linked to inadequate sales, 31% linked to competitive weakness, 21% linked to excessive expenses, and 11% linked to uncollected receivables (Buys, 2012:13). According to Buys (2012:13), the main reasons for business failure are lack of management expertise; insufficient capital into sustainability; bad location of business; ineffective inventory control; overinvestment in fixed assets such as vehicles and equipment; bad credit management; personal use of company funds; and unexpected growth. Having discussed the challenges/constraints facing SMMEs in South Africa, hereunder follows the measurement levels to measure the effectiveness of mentorship. The study, therefore, assumes that the business owners/managers face challenges in running their businesses.

## **2.7 MEASURING EFFECTIVENESS OF MENTORSHIP**

The purpose of mentorship is to learn from the experience of others, and as a means of providing training, it can accommodate entrepreneurs' preference for applied, just-in-time and experiential learning (Barrett, 2006; St-Jean and Audet, 2009). According to Sullivan (2000), mentorship brings added-value interventions that make a difference in the long-term

success of a business and may offer entrepreneurs the support needed when it matters most, and “training is an essential component of successful mentoring programme” (Tabbron, Macaulary & Cook, 1997; Ehrich, Hansford & Tennent, 2004).

However, while research in the area of entrepreneurship education and training is growing, one aspect into which little research has been conducted is that of assessing the effectiveness of training interventions (Sarri, 2007; Botha, Nieman & Van Vuuren, 2006:3). Falkang and Alberti (2000:101) agree, suggesting that there is a need for much more research on methodologies for measuring entrepreneurship education effectiveness. McMullan, Chrisman and Vesper (2001:39) have contended that it is necessary to assess the effectiveness of entrepreneurship courses on some grounds. These grounds are as follows:

- There is an expectation that the net benefits of entrepreneurship programmes should outweigh their costs and risks.
- Training programmes and courses can be expensive in terms of money from sponsors and time for participants.
- In addition to the more obvious costs highlighted by McMullan, *et al* (2001), there are hidden costs which should also be taken into consideration when assessing a programme’s effectiveness. For example, extra costs might be borne by guest speakers, mentors and unpaid consultants associated with programme delivery, and participants may take additional risks if they decide to implement advice from entrepreneurship programmes. Thus, they suggest that central to such evaluations is an assessment of the cost-effectiveness of a particular programme as well as its opportunity costs.

A further opinion is expressed by Friedrich, Glaub, Gramberg and Frese (2003:3), who state that programme objectives should be measured against programme outcomes. These authors summarise several often-quoted stages of success measurements of small business training. These include knowledge and skills required, delivery of training, learning occurring in recipient, behaviour change as a result of learning, behaviour leading to change in business performance, and change in business performance measured.

To evaluate the effectiveness of a training programme, Kirkpatrick (1967:98) suggests the measurement of four different levels. In this study, measuring the effectiveness of mentorship is done in line with these suggestions:

- Reaction measures are used to find out trainees' satisfaction with the training programme. This evaluation is done at the completion of the training programme and consists of a number of questions about the course that participants rate according to their level of satisfaction.
- Learning measures and behaviour measures assess the effect of the training on entrepreneurial factors. Learning measures are also used to assess the gain in training specific skills, increasing knowledge and changing attitudes.
- Behaviour measures are conducted to find out whether the participants were able to apply these skills to job situations.
- Post-training success measures are used to measure training outcomes in terms of economic factors such as profiles, costs, productivity and quality.

According to May, Moore and Zammit (1990:172), this type of evaluation, although potentially useful, has not been conducted frequently. The apparent problem with results evaluation is the large number of variables that the researcher must identify and isolate in order to establish that the given result was indeed attributable to the training programme, as opposed to other corporate activities. Donkin (2004:18) mentions that attempting to calculate return on investment is a step beyond the Kirkpatrick model and usually involves some hard measuring. He suggests that the first step is to work out the desired results, such as increased output, more sales or reduced staff turnover or increased turnover. The next step is to quantify the costs associated with these issues.

Therefore, to measure the effectiveness of the mentorship even further, this study also made use of the key performance measures that were adopted from the study conducted by Kalleberg and Leicht (1991:148) on 400 entrepreneurs. These key performance measures are the following:

- primary performance measures (number of employees, growth in employees, number of customers, sales/turnover and value of capital);

- proxy performance measures (geographical range of markets – national versus international markets, formal business and VAT registration);
- subjective measures (including the ability of the business to meet business and domestic needs – confidence in running a business); and
- entrepreneurial performance measures (the desire to start a business or the desire for growth and the ownership of multiple businesses).

Plato is the business support forum for owner-managers of SMEs facing the challenges of today's business world. Through a unique partnership with large, usually multinational parent companies, Plato provides SMEs with facilitated group learning, specialist expertise and advice, networking opportunities, business development training, and cross-border activities. The Plato approach is based on regional small business networks that are established to facilitate the development of managerial competence in SMEs. The networks are based on group learning and owner-managers learning by interaction with one another and large well-established companies. The two-year SME development programme that is used is aimed at helping owner-managers develop a broad range of management skills, business linkages and strategic vision necessary to develop their companies.

Plato is based on a network principle whereby large locally based companies (mostly local branches of multinational corporations) known as parent companies help and support small companies in their local area. The small companies work together in groups over a two-year period utilising their shared pool of knowledge, skill and experience. In essence, the concept is based on a pooling of expertise of and for SME owner-managers through structured networking combined with the specialist knowledge gained from the "parenting" by large companies.

The evaluation in this study adopted a formative approach based on Kirkpatrick's (1967) and Kalleberg and Leicht (1991) model of training evaluation, which is widely regarded as typical assessing of training effectiveness. The reason why measurement levels of Kirkpatrick (1967) and Kalleberg and Leicht (1991) are used due to the fact that the literature study revealed that other authors in studies of effectiveness most frequently used these levels successfully. Some of these authors included Carter (2000:330), Friedrich, *et al.* (2003:40) and Henry, Hill and Leitch (2003:98). Also, research literature suggests that mentoring is examined almost exclusively from the mentee rather than the mentor's perspective (Scanlon, 2009; Heirdfield,

Walker, Walsh & Wills, 2008). The study, therefore, makes the assumption that a mentorship programme at MCLM is effective.

## **2.8 CONCLUSION**

There is a shared understanding among researchers that SMMEs contribute significantly to the economy of both developing and developed countries through creation of employment and the innovation of the economy as a whole. The South African government has acknowledged the importance of SMME development and has established many business support agencies. Although much of this support is in the form of financial assistance, the literature reveals that there are many different types of business interventions and programmes available in South Africa that SMME owners/managers can use to help them grow and sustain their businesses. The literature has also highlighted the challenges/constraints facing SMMEs in South Africa.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 INTRODUCTION**

The preceding chapter was a review of literature relevant to this study. In this chapter, the research methodology used to address the objectives of this study will be discussed. Research is defined as a “systematic process of collecting, analysing, and interpreting information (data) in order to increase our understanding of the phenomenon about which we are interested or concerned” (Leedy and Ormrod, 2005:2). The systematic process of collecting and analysing the data on the effectiveness of the Mogale City Plato mentorship programme for SMME owners/managers is outlined.

The research methodology covers research objectives, research design and methodology, population, sampling, data collection, data analysis, and reliability and validity.

### **3.2 RESEARCH OBJECTIVES**

The research objectives of this study are divided into primary and secondary objectives.

#### **3.2.1 Primary objectives**

The primary objective of this study is to evaluate the effectiveness of the interventions made by the Mogale City Plato mentorship programme to promote growth and sustainability of SMMEs as implemented by MCLM.

#### **3.2.2 Secondary objectives**

To achieve the primary objective of the study, the following secondary objectives are set:

- To determine the different types of business interventions implemented by Mogale City Plato mentorship programme.
- To determine the benefits small business owners received from mentorship programme.
- To evaluate the challenges small business owners at MCLM are facing.

### **3.3 RESEARCH DESIGN AND METHODOLOGY**

Research design is a master plan that specifies the methods and procedures for collecting and analysing the needed information. A research design provides a framework or plan of action of the research (Zikmund, Babin, Carr & Griffin, 2010:66). In order to address the research problem and achieve the objectives of the study, a quantitative research methodology was followed. Quantitative research is a formal, objective, systematic process in which numerical data is used to obtain information about the world. This research method is used to describe variables, to examine relationships among the variables, and to determine cause-and-effect interactions between variables (Leedy and Ormrod, 2005:94).

Delpont, De Vos, Fouche and Strydom (2005:74) define quantitative research as an inquiry into a social or human problem based on testing a theory composed of variables, measured with numbers and analysed with statistical procedures in order to determine whether a predictive generalisation of the theory holds true. The quantitative approach allows the researcher to “answer questions about relationships among measurable variables with the purpose of explaining, predicting, and controlling phenomena” (Leedy and Ormrod, 2005:94). Thus, from a quantitative perspective, the objective of this study was to validate relationships between variables in order to develop generalisations that would contribute to the theory in order to promote growth and sustainability of SMMEs.

An evaluative approach was also followed with a view to understanding and evaluating the interventions of the programme from the participant’s point of view. Based on an evaluation by Leedy and Ormrod (2005:135), it provides a means through which a researcher can judge the effectiveness of particular policies, practice, or innovations. According to Hofstee (2006:126), a researcher who carries out an evaluative research seeks to come to a conclusion about the effect or success level of some happening or intervention. The list of the population of owners/managers who took part in the Mogale City Plato mentorship programme was supplied, with the permission from Mogale City Local Municipality.

### **3.4 THE RESEARCH APPROACH**

Researchers can use a mixed method of research with the application of quantitative and qualitative research (Pellissier, 2007:57). Nevertheless, for the purpose of this study, a quantitative method was applied.

#### **3.4.1 Quantitative research**

Quantitative research is a formal, objective, systematic process in which numerical data is used to obtain information about the world. This research method is used to describe variables, to examine relationships among variables, and to determine the cause-and-effect interaction between variables (Leedy and Ormrod, 2005:94).

The quantitative approach allows the researcher to “answer questions about relationships among measurable variables with the purpose of explaining, predicting and controlling phenomena” (Leedy and Ormrod, 2005:94). Thus, from a quantitative perspective, the objective of this study was to validate relationships between variables in order to develop generalisations that would contribute to the theory of establishing a business.

#### **3.4.2 Qualitative research**

Qualitative research is characterised by gathering and analysing textual data such as that collected from interviews, focus groups, observations, surveys and conversational analysis. Research questions that can be answered by qualitative studies are questions such as the following: What is occurring? Why does something occur? How does one phenomenon affect another? A rich and contextual description is needed to answer these questions. This type of research seeks to understand and interpret the meaning of situations or events from the perspectives of the people involved. Qualitative research is inductive rather than deductive in approach, which means it generates theory from interpretation of the evidence, albeit against a theoretical background (Spratt, Walker & Robinson, 2004:134).

The qualitative approach allowed the researcher to answer questions about the complex nature of the phenomenon of business performance. Whereas the outcome of quantitative research is the acceptance or rejection of the hypothesis that was tested, qualitative research is likely to result in tentative answers or hypothesis rooted in emerging patterns and themes (which may require further research).

According to Leedy and Ormrod (2005:94-95), it is possible to combine the qualitative and quantitative approaches in a research project because they answer different types of questions. In this study, a quantitative approach was adopted.

### **3.5 THE STUDY POPULATION**

Tustin, Ligthelm, Martins and Van Wyk (2005:96) define a population as a group from which the sample is drawn and consists of all the people or establishments whose opinions, behaviours, preferences and attitudes will produce information to answer the research question. According to Welman, Kruger and Mitchell (2005:52), a “population is the study object, which may be individuals, groups, organisations, human products and events, or the conditions to which they are exposed”. The size of the population usually makes it impractical and uneconomical to involve all members of the population in a research project, and thus, a sample of the population is usually taken. Mogale City Plato mentorship programme started in 2007. From 2007 to 2011, 125 SMME owners/managers participated in the Mogale City mentorship programme and that makes the population of this study. 50 SMME owners/managers underwent and completed the Mogale City Plato mentorship programme in 2010 to 2011. Therefore the sample size is composed of 50 SMME owners/managers who participated in the 2010 to 2011 mentorship programme. The geographical location is Mogale City Local Municipality.

### **3.6 SAMPLING**

If the total population is studied, it is referred to as a census, whereas a sample is a subset of the population; in other words, it is drawn from the total population (Tustin, *et al*; 2005:337). The Mogale City Local Municipality was approached, and they gave the researcher permission to use their database of SMME owners/managers who took part in the Mogale City Plato mentorship programme. A list of 50 owners/managers that took part in the programme from 2010 to 2011 was provided by MCLM.

A sample is defined in marketing research as a subset of the population, while sampling is the process of selecting a portion consisting of units (for example, people or organisations from a population of interest), (Tustin, *et al*; 2005:337). According to Leedy and Ormrod (2010), a sample choice depends on what research question(s) one wants to answer.

There are two sampling methods, namely, probability and non-probability sampling. Probability samples are those in which members of the population have a known chance

(probability) of being selected for the sample (Tustin, *et al*; 2005:344). Cooper and Schindler (2008:408) hold that probability sampling is also known as random sampling and explain it as sampling based on the concept of random selection (that is, a controlled procedure that ensures each population element is given a known non-zero chance of selection). The probability methods are simple random sampling, systematic sampling and stratified sampling. The non-probability samples are instances where the chances (probability) of selecting members from the population in the sample are known. Non-probability sampling relies on the discretion of the researcher. The non-probability methods are judgemental sampling, purposive sampling, convenience sampling, quota sampling, and multiplicity or snowball sampling. For the purpose of this study, the researcher used all SMME owners/managers who participated in the mentorship programme from 2010 to 2011.

### **3.7 DATA COLLECTION METHODS**

Data collection methods refer to tools or equipments that are used by a researcher to collect data. There are different research instruments that could be used to gather research information. Hofstee (2006:115) defines a research instrument as anything that is used to collect the data one needs to answer one's research question. For the purpose of this study, data was collected using a structured research instrument (questionnaires) through a self-administered survey. One of the main advantages of using a questionnaire as a research instrument is that it promises anonymity to the respondents, which may encourage them to complete the questionnaire. According to Leedy and Ormrod (2005:185), the major disadvantages are a low response rate and misinterpretations of questions.

The targeted respondents were invited by telephone. The researcher located the respondents by telephone using a list with their contact details obtained from Mogale City Local Municipality to secure an appointment to meet them on their premises. The dates and times of the appointments were agreed upon with the respondents. The researcher personally hand-delivered the questionnaires and gave instructions on answering the questions. The researcher left the questionnaire with the respondents who did not have enough time to complete it with the researcher and an arrangement was made with the respondents regarding when the questionnaire could be collected.

The data gathering took place during the period from August 2014 to September 2014. All the interviews were conducted on the business premises with the owners/managers, besides the copies of the questionnaire that were left at the business premises for later collection.

Follow-up telephone reminders after seven days contributed to a high response rate, which led to a total of all questionnaires being returned or 100% of all participants.

The self-administered questionnaires were attached with a covering letter indicating the reasons for and the importance of confidentiality of the information. Prior to the formal data collection, a pretest of the study was conducted. The idea was to try to detect any errors and flaws within the data gathering instruments.

A Likert scale is a variation of a summated rating scale and consists of statements that indicate either a favourable or an unfavourable attitude to the research subject (Cooper and Schindler, 2001:234; Tustin, *et al*; 2005:408). Each response is given a numerical score reflecting its degree of attitudinal favourableness. The scores of the respondents from a well-defined sample or population can be compared. Responses on a Likert scale can be treated either as ordinal or as interval (Leedy and Ormrod, 2005:185-187). Responses to a single Likert item are normally treated as ordinal data because, especially when using only five levels, one cannot assume that the respondents perceived the difference between adjacent levels and equidistant levels.

When treated as ordinal data, Likert responses can be collated into bar charts, central tendency summarised by the median or mode, dispersion summarised by the range across quartiles (but not standard deviation), or analysed using non-parametric tests (for example, the Chi-squared test, Mann-Whitney test, Wilcoxon signed rank sum test or Kruskal-Wallis test) (Keller and Warrack, 2000:545-546). Data from a Likert scale is sometimes reduced to the nominal level by combining all “agree” and “disagree” responses into two categories of “accept” and “reject”. The Chi-square test is commonly a statistical procedure used after this transformation (Keller and Warrack, 2000:545).

With a Likert scale, it is possible to derive quantitative data from primary qualitative data on an ordinal scale. This scale is the most widely used in survey research and is often used for questionnaires. When responding to a Likert questionnaire item, the respondents should specify their level of agreement to a statement. For example, to measure the extent to which the owner’s skills were covered, the respondents had to select one of four options to the statement: namely, strongly agree, agree, neutral, disagree and strongly disagree. The numerical rankings (1, 2, 3 and 4) were assigned to the range of responses.

The questionnaire consists of three sections. The first section consists of demographic questions about age, education and gender of the respondents who took part in Mogale City Plato mentorship programme. A combination of these variables is essential for the description of the individual completing the questionnaire.

The second section consisted of questions about the business profile. The respondents were asked for information regarding the period the business has been in operation, type and size of entity.

The third section consisted of investigative questions aimed at exploring what correlation may or may not have existed between the constructs and the sets of behaviour. The investigative questions concerned the following:

### **(1) Mentorship**

Mentorship is a close, non-competitive and deeply personal relationship between two people that evolves over time. This relationship is formed and develops because both those who participate in it feel enriched through their association. The mentor is “a wise, experienced and trusted counsellor engaged in the active guidance and maturation of the younger individual” (Osborn, *et al*; 1999:285).

Respondents were asked to state to what extent mentorship was good. Different reasons were given, such as ability to manage the business, increase sales, increase profit, better control over cash flow, and manage to pay salaries to employees. Respondents were asked to indicate by either “Yes” or “No”. The assumption was that mentorship at MCLM was effective. The researcher, therefore, wanted to find out if this was true.

### **(2) Business intervention**

Business intervention is a set of sequenced and planned actions or events intended to help business increase its effectiveness.

The respondents were asked to provide information on the time in the business cycle in which business intervention was received by either a “Yes” or “No” on the following: before starting the business, during the first six months, during the first two years, after the first two years, and continuously. The assumption was that Plato business intervention was successful. The researcher, therefore, wanted to find out if this was true.

### **(3) Benefits**

According to Collins Concise Dictionary (2008), a benefit is defined as something that improves or promotes, whereas Clarkson (2010:5) defines it as ‘the measurable improvement resulting from an outcome that is perceived as an advantage by one or more stakeholders’.

Respondents were asked to state how satisfied they were about the manner in which general management skills were covered by either a “Yes” or “No”. Respondents were then asked to indicate their satisfaction with the manner and extent to which the skills were covered on a five-point scale ranging from excellent to very poor. The assumption was that business owners received benefits from the MCLM mentorship programme. The researcher wanted to inquire if this was true.

### **(4) Challenges**

A challenge is a difficult situation that one is faced with. Something that needs great mental or physical effort in order to be done successfully and therefore tests a person’s ability (Jones, Raoch, Setter & Esling, 2010).

Respondents were asked to provide information on challenges they are faced with. They were asked to indicate by either a “Yes” or “No” if they did receive any finance from financial institutions. Respondents were also asked to indicate the most difficult challenges they are faced with when accessing technologies from the following: the Internet, website, email, use of internet cafes, and the high cost of using internet cafes. The respondents were asked if there were markets available for their products by indicating either a “Yes” or “No”. The study assumption was that business owners are faced with challenges in running their businesses. The researcher, therefore, wanted to investigate if this was true.

## **3.8 DATA ANALYSIS**

A statistical analysis was conducted with the assistance of the Bureau of Market Research of the University of South Africa. The data was cleaned by looking at frequencies and observing unusual cases, whereafter the data was statistically analysed using the SPSS statistical package of SAS to compile descriptive statistics. Descriptive analysis is used to provide a synopsis of the sample in terms of the variables of interest (Tustin, *et al*; 2005:103). This was done using frequencies and percentages to review the responses to the questions. The information was then presented using tables, graphs and charts to discuss the findings.

### **3.9 VALIDITY AND RELIABILITY**

Validity and reliability are central issues in all measurements. Validity refers to measuring instruments that show to which differences in score on the measurement reflect true differences among individuals, groups or situations in terms of the characteristics. They are used to measure or reflect true differences in the same individual or group rather than in constant or random errors. Reliability refers to the degree of reliability of a measurement or low variation between the results of different samples of the same population. Mouton and Marais (1990:79) explain that an important consideration when collecting data is the reliability of the research instrument.

During data collection, a questionnaire was used. According to Leedy and Ormrod (2010:189), the use of a questionnaire could be advantageous in the sense that the respondents can respond to questions with the assurance that their responses will be anonymous; thus, they may be more truthful than they would be in a personal interviews, especially when addressing sensitive or controversial issues. Questionnaires have a further advantage of reducing bias. There is uniform question presentation and no “middle-man” bias. The researcher’s own opinion did not influence respondents to answer questions in a certain manner, as there were no verbal or visual clues to influence them.

Reliability in this study was also enhanced by the list of SMME owners/managers obtained from the MCLM database, since the MCLM register is a reliable source of information, as it is MCLM that invited SMME owners/managers to take part in the MCLM Plato mentorship programme. The researcher participated by checking that all the questionnaires were correctly completed. To determine the reliability and validity of the data, a descriptive statistical technique was used.

### **3.10 CONCLUSION**

In this chapter, the research gave an overview of the research methodology that applied in this study. The study aimed at finding out if the mentorship programme at MCLM was effectively implemented. The data collection method was based on personal responses which were collected through research questions.

This chapter has addressed the following aspects: introduction, research objectives, research design and methodology, population and sampling, data collection, data analysis, and lastly

reliability and validity. In the next chapter, the processing and analysis of data is explained, and the research findings used to answer the research questions are discussed.

## **CHAPTER 4: ANALYSIS AND INTERPRETATION OF RESULTS**

### **4.1 INTRODUCTION**

The foregoing chapter provided a discussion of the research methodology employed in this study. This chapter contains a summary of the data analysis and the interpretation of the research findings on the response from the respondents who completed the quantitative research questionnaires.

The first section of this chapter provides a descriptive analysis of data. The second section focuses on the demographics of the respondents, and all the essential information is examined. In both sections, statistics are used to analyse the data characteristics in terms of shape, skewness and spread. The next section contains an explanation of how data analysis was done.

### **4.2 PREPARATION OF THE DATA**

Data analysis begins with the editing and coding of data. Editing includes checking data collection forms for omissions, legibility and consistency in classification; discarding completed responses that have missing data; and identifying potential errors in data collection and discussing their implication (Zikmund, 2003:74). The data is thereafter entered into a user-friendly and retrievable database or spreadsheet, and SPSS statistical software is used. For this study, the questionnaires were processed by the Bureau for Market Research of University of South Africa. The SPSS statistical package of SAS was used to compile descriptive and inferential statistics.

### **4.3 THE RESPONSE RATE**

Babbie and Mouton (2001:261) describe the response rate as the extent of the representation of the sample respondents. Moreover, if a high response rate is achieved, then there is a smaller chance of significant response bias than if a low response rate is achieved.

Rubin and Babbie (2012:137) emphasise that a response rate of at least 50% is usually considered adequate for analysis and reporting. Also, a response rate of at least 60% is good, while a response rate of 70% is very good.

#### 4.4 SECTION A: DEMOGRAPHIC INFORMATION

The personal demographic variables for which information was obtained included age, level of education and gender. Below is a presentation on the personal demographics of the respondents.

##### 4.4.1 The average age of the respondents

Descriptive statistics were generated using SASv4 statistical software to find frequencies and percentages for the “age” variable. This is given in a summary statistic for the mean factor scores. The average age of the respondents is indicated in table 4.1.

**Table 4.1: The age of the respondents**

Age	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid 2 (21-30) years	05	8.3	8.3	8.3
3 (31-40) years	25	41.7	41.7	41.7
4 (41-50) years	10	25.0	25.0	75.0
6 (Over 60) years	10	25.0	25.0	100.0
Total	50	100.0	100.0	

Table 4.1 shows that the majority of the respondents (41.7%) were aged between 31 and 40, 25% of the respondents were aged between 41 and 50, while another 25% of the respondents were aged between 51 and 60. A minority of the respondents (8.3%) were aged between 21 and 30 years. It is evident from these findings that the highest number of the respondents (75%) was aged between 21 and 50. This implied that the majority of owners/managers are in their productive years – a working group that is expected to be industrious, innovative, show enthusiasm in its businesses and therefore embrace technological changes and market dynamics. This trend is similar to that found in an overall GEM sample of 2011.

#### 4.4.2 The highest educational qualification of the owners/managers

The study sought to determine the level of education of the owners/managers of SMMEs. The findings are shown in figure 4.1.

**Figure 4.1: Educational qualification**

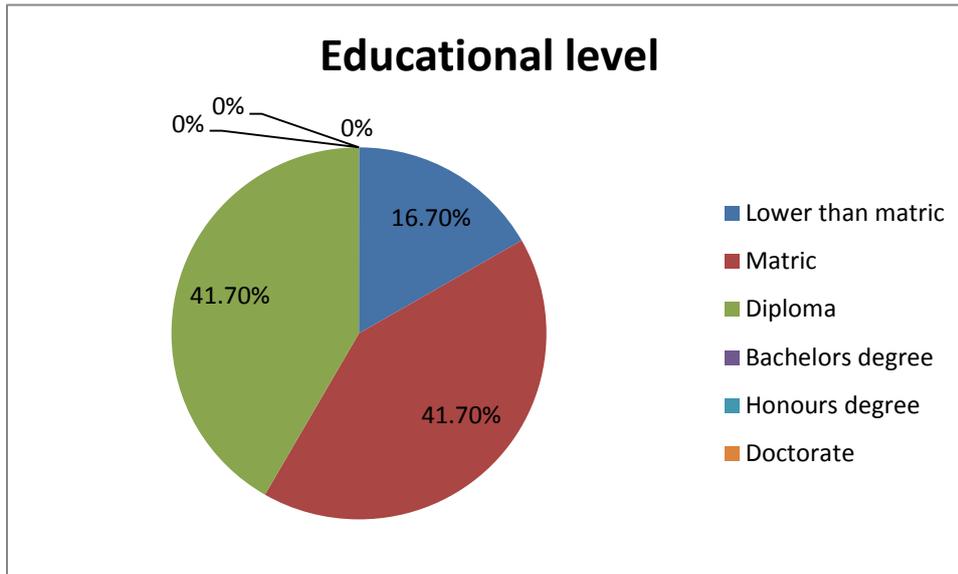


Figure 4.1 shows that 41.7% held a diploma, another 41.7% had only completed matric, whereas only 16.7% completed between grade 1 and grade 7. None of the respondents obtained a bachelor's degree, honours, master's or doctoral degree. Respondents were also requested to indicate and specify any other qualification they have obtained other than those mentioned in the questionnaire; there were none. The study revealed that 83% of the respondents had secondary education and above. Thus, the majority of the owners/managers who participated had a reasonably good education, and it could be expected that potential success is enhanced among those businesses. GEM (2011) reported that education increases an individual's beliefs in starting a business and also the possibility that the business will survive beyond the start-up phase. The GEM (2010:32) also reported that a healthy and educated workforce is important to a business' competitiveness and productivity.

#### 4.4.3 Gender of the respondents

Figure 4.2 presents the gender composition of the respondents.

**Figure 4.2: Gender**

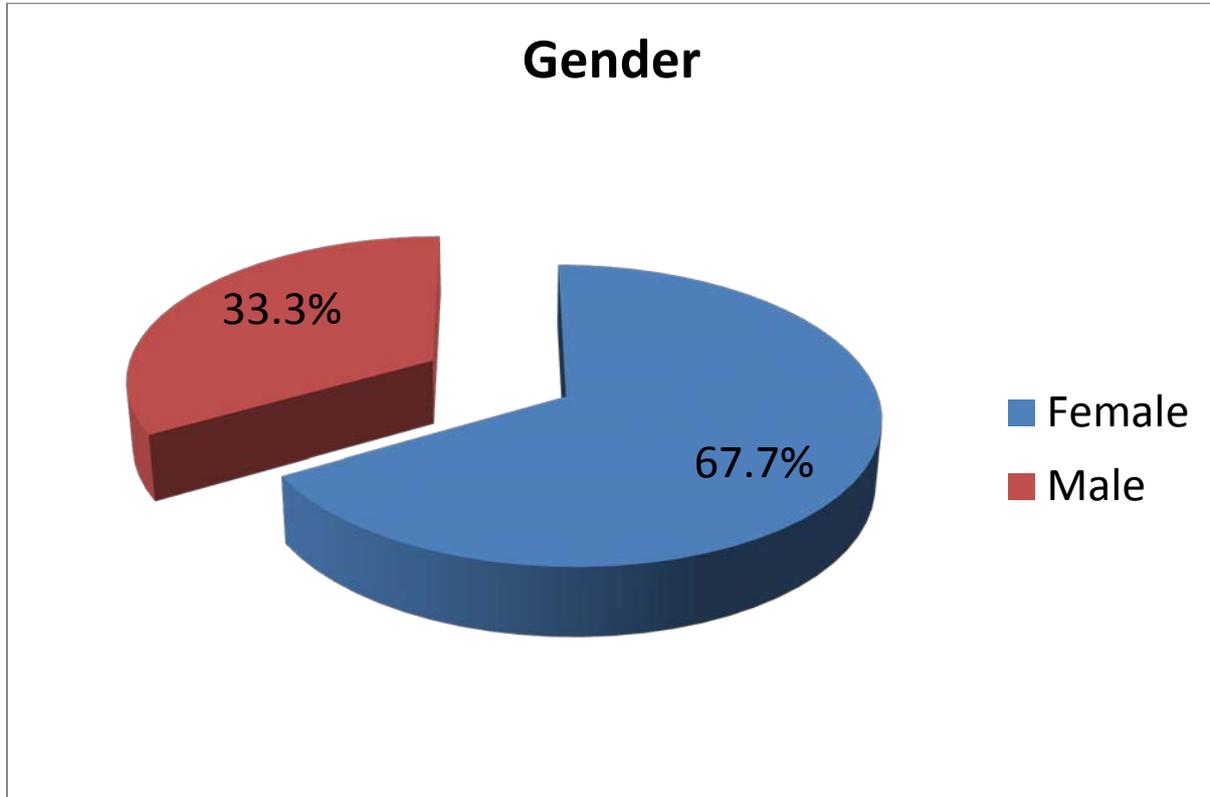


Figure 4.2 illustrates that of the owners/managers who responded, 67.7% of the respondents were females, and 33.3% of them were males. The response rate implies that the majority of small business owners/managers who attended the Mogale City Plato mentorship programme were women. GEM (2013:27) indicated that the ratio of male to female participation in entrepreneurial activity varies across the total sample of GEM countries, reflecting differences in culture and customs regarding females participating in the economy. GEM (2009) also reported that in South Africa, men are 1.5 times more likely to be involved in entrepreneurial activity than women. However, GEM (2013:27) reported the improvements in the ratio of male to female opportunity entrepreneurship from 1.26 in 2002 to 1.36 in 2013.

## 4.5 SECTION B: BUSINESS PROFILE

In this section, respondents were asked to provide information on the age of the business, experience of the owners/managers, type of ownership, number of people employed, gross sales, gross asset value, and turnover.

### 4.5.1 How long has the business been in operation?

Table 4.2 indicates the results obtained from the respondents concerning the number of years their businesses have been in operation. There was a need to find out the age of the business. This is because the longer the business has been operating, the more experience is obtained in the industry. Age is also an indication of the survival of a business. The older the business, the more it is assumed to contribute to the economy (Radipere, 2012:179).

Table 4.2 shows the period the business has been in operation.

**Table 4.2: The period the business is in operation**

<b>Duration in years</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentage</b>	<b>Cumulative Percentage</b>
Valid 2 (1-4)	10	16.7	16.7	16.7
3 (5-10)	35	75.0	75.0	91.7
4 (11-20)	5	8.3	8.3	100.0
Total	50	100.0	100.0	

Table 4.2 highlights that 75% of the businesses existed for between 5 and 10 years, 16.7% existed for between 1 and 4 years, and finally, 8.3% existed for between 11 and 20 years. This may be an indication of their sustainability. Zulu (2014a:1) brought out that almost 80% of SMMEs in South Africa fail in their first year of operation, while around half of those that survived the first years remained in business for five years. During the launch of a start-up Nation, a global entrepreneurship platform in South Africa, Zulu (2014b:1) reminded the audience that small businesses have only a 37% chance of surviving for four years and only a 9% chance of surviving for 10 years.

#### 4.5.2 Previous experience in a similar business when they started their business

Figure 4.3 presents the extent of previous experience in a similar business when they started their business.

**Figure 4.3: Previous experiences in a similar business when they started their business**

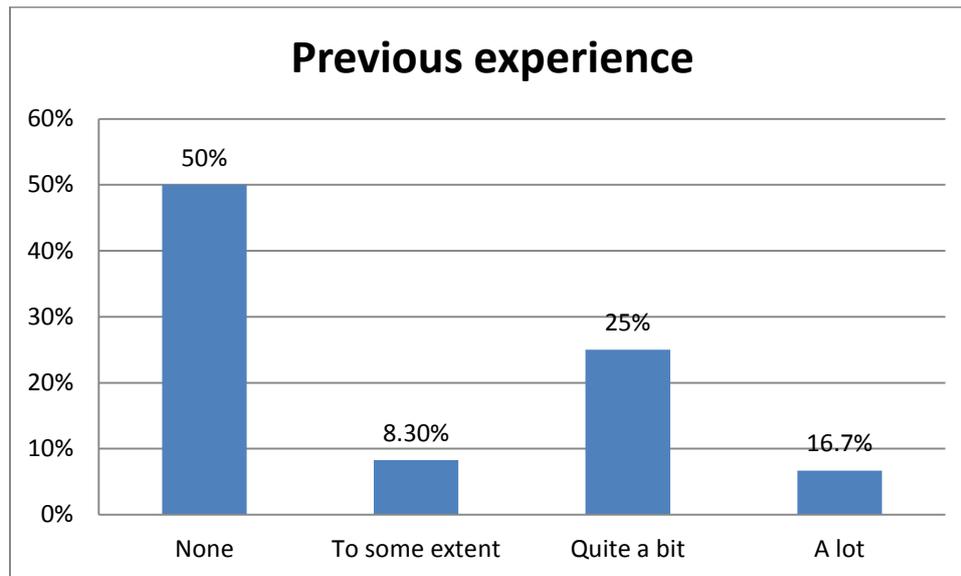


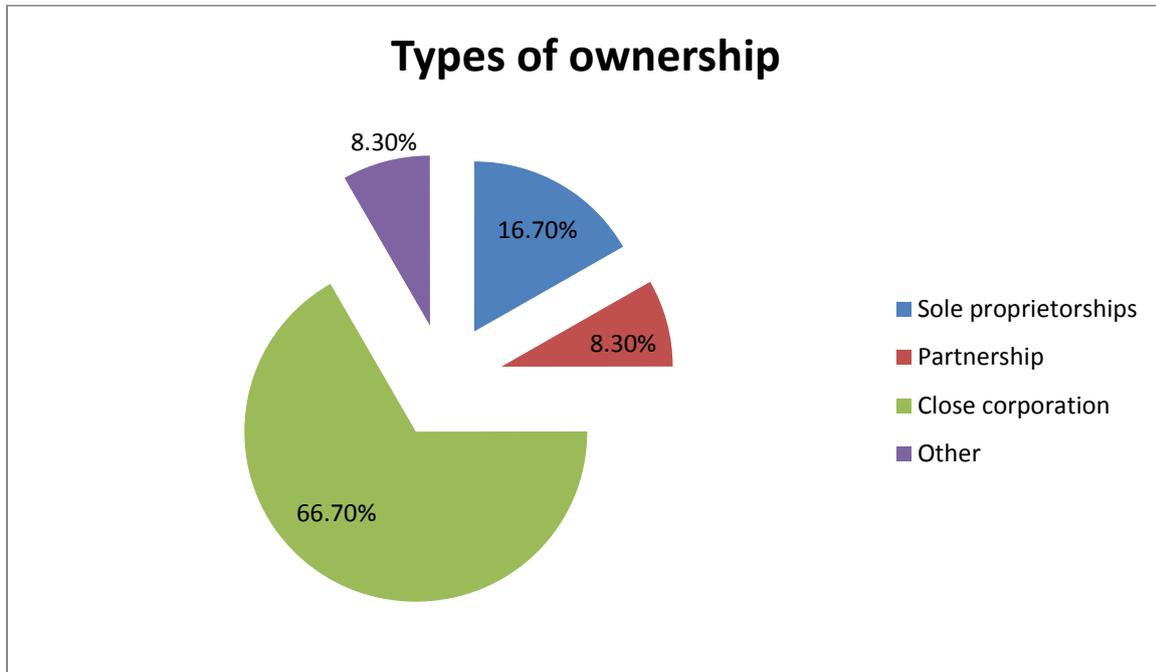
Figure 4.3 depicts that half (50%) of the respondents had started a business without any prior experience in a similar business. However, the degree of experience varied from quite a bit (25%), to a lot (16.7%), and to some extent (8.3%). This indicates that 41.7% of the respondents from SMMEs have high possibilities to succeed, as 25% of the respondents have quite a bit of experience, and 16.7% have a lot of experience, while the other 8.3% have fewer possibilities of being successful. Kunene (2008:179) states that successful SMEs are led by owners/managers with more previous experience, while less-successful SMEs have less experience or no experience. The greater the previous experience, the higher their entrepreneurial quality will be, as the experience will have involved a learning process that helps them to identify opportunities, reduce their initial inefficiency, and also improve capacity in performing various tasks (Guzman and Santos, 2001:217; Fielden, Davidson & Makin, 2000:296; Barreira, 2004:43).

#### 4.5.3 Types of ownership

It is important to establish the type of business these owners are operating. Figure 4.4 illustrates the type of ownership of SMMEs. Most businesses (66.7%) were close

corporations, followed by 16.7% sole proprietorships, while partnerships and others constituted 8.3%.

**Figure 4.4: Types of ownership**



From figure 4.4, it can be concluded that most common types of business ownership was close corporation (66.7%), while the least common (16.7%) was sole proprietorship. On the other hand, partnerships accounted for 8.3%, and others accounted for another 8.3%. Thus, more businesses were close corporations because this form of business is simple, quick, and affordable to start, as it is not expensive or time-consuming and has few regulations to adhere to. A sole proprietorship has no formalities linked to establishment, and it is cheap and easy to maintain. A partnership also has advantages for owners, which include lack of formalities, low cost in forming it, easy to maintain, privacy, tax advantages, sharing skills and expertise, and access to capital of partner(s). The more formal a business is, the better its potential to contribute to the economy.

#### **4.5.4 Number of employees**

Table 4.3 shows the size of the businesses measured by the number of employees. The business sizes were measured as follows: 1, 2-5 and 6-20. The results of the survey will follow after the table.

**Table 4.3: Number of employees**

Number of employees	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid 1 (0-1) One person	05	8.3	8.3	8.3
2 (2-5) Micro	35	75.0	75.0	83.3
3 (6-20) Very small	10	16.7	16.7	100.0
Total	50	100.0	100.0	

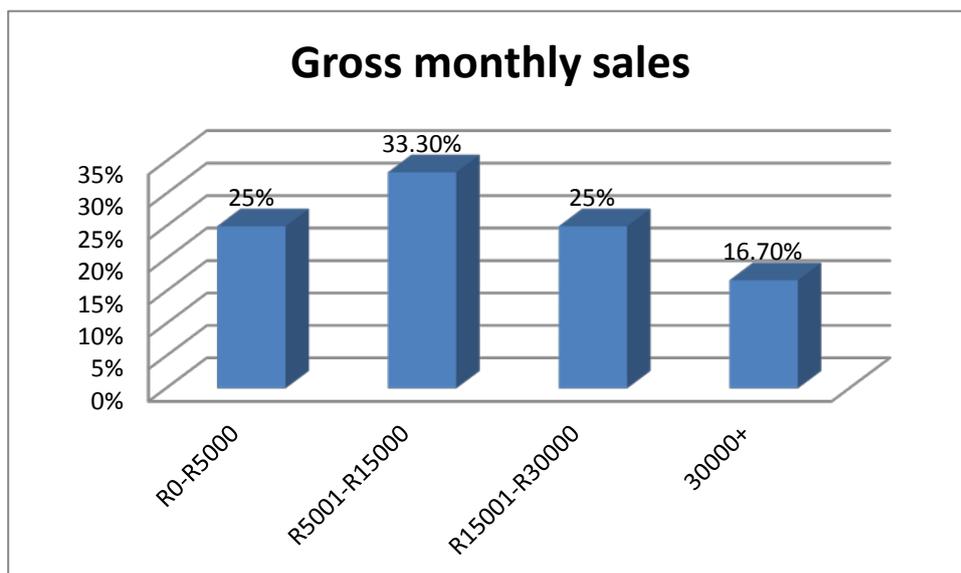
It is reflected in table 4.3 that 75% of the businesses had 2-5 employees, while 16.7% had 6-20 employees. Only 8.3% were persons working alone. Additionally, 75% of business owners/managers who employ 2-5 employees would be regarded as micro-businesses according to the National Small Business Act 26 of 2003, while 16.7% employ 6-20 employees and are said to be very small businesses according to the same Act.

These SMMEs do not contribute much to development and economic growth, as they have very few people in their employment. According to Kongolo (2010:2288), in South Africa, SMEs account for about 91% of formal business entities, contributing to about 51 and 57% of gross domestic product (GDP), providing almost 60% of employment.

#### 4.5.5 Gross monthly sales

Figure 4.5 highlights the gross monthly sales for SMMEs that received mentorship in Mogale City Plato mentorship programme.

**Figure 4.5: Gross monthly sales**

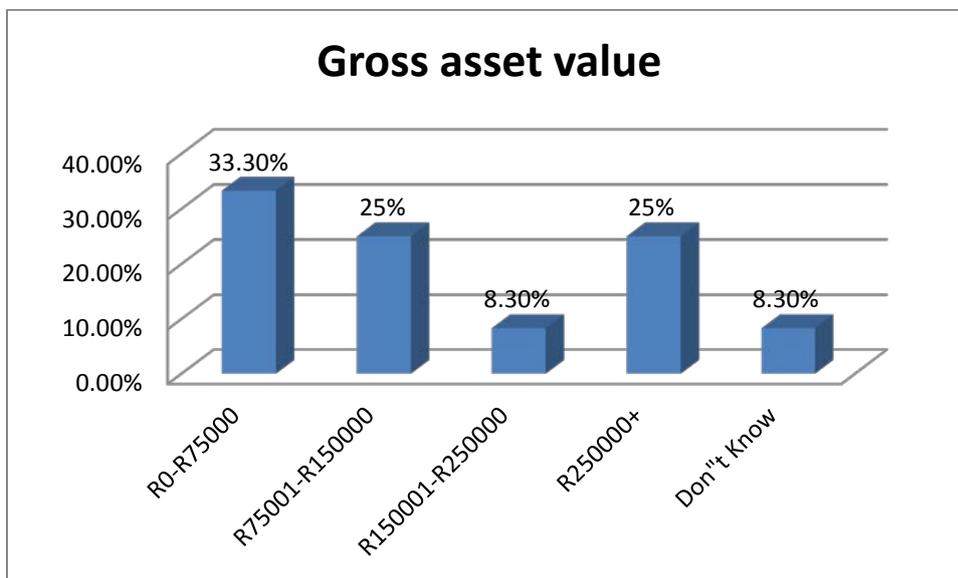


It can be seen from figure 4.5 that 33.3% of the respondents generate gross monthly sales of between R5001-R15000, while 25% of the respondents generate between R0-R5000. Another 25% of the respondents generate R15001-R30000, and only 16.7% of them generate R30000 or more. This indicates that the majority of the respondents, i.e. 83.3% (33.3% + 25% + 25%), generate monthly sales of between R5001 and R30000, while only 16.7% generate R30000 or more. This shows that the majority of the respondents are still micro and survivalist as categorised by the National Small Business Act 26 of 2003 (South Africa, 2003). As a result, these SMMEs are not able to contribute much towards economic growth.

#### 4.5.6 Gross asset value

The respondents were asked about their gross asset value. Figure 4.6 presents the gross asset value of the respondents.

**Figure 4.6: Gross asset value**



As presented in figure 4.6, 58.3% (33.3% + 25%) of the respondents' total assets value at market value ranged between R0 and R150000, while 8.3% of the respondents indicated a value between R150001 and R250000. Twenty-five per cent of the other respondents' assets were valued at R250000 or more, whereas only 8.3% did not want to divulge the gross asset value information; instead, they opted for a do-not-know approach due to the sensitivity of the information. This also indicates that the majority of the respondents' businesses are regarded as micro enterprises as categorised by the National Small Business Act 26 of 2003, and as a result, these SMMEs do not contribute much to economic growth (South Africa, 2003).

#### 4.5.7 Growth of the business

Table 4.4 indicates the growth of the enterprise based on turnover (most recent financial year). Swanepoel (2008:228) indicates that the success/growth of a business can be measured by its increase in turnover, the growth in profit or growth in the number of employees.

**Table 4.4: Growth of the enterprise over the past 12 months**

<b>Growth of enterprise</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>	<b>Cumulative percentage</b>
Valid 1 (Increase)	10	25.0	25.0	25.0
2 (Stable)	25	41.7	41.7	41.7
3 (Decrease)	15	33.3	33.3	100.0
Total	50	100.0	100.0	

Table 4.4 shows that 41.7% of the respondents indicated that they found their businesses to be stable, 25% of them found their business to be growing, while 33.3% believed that the growth of the entity was decreasing. This indicates that the majority of the respondents, i.e. 67% (41.7% + 25%), indicated that they found their businesses to be stable or growing. To analyse the growth in turnover over a period of time, data for at least two years is needed, and in this case, respondents were only asked to give information for the most recent financial year without any specifics mentioned. Since the respondents were asked to provide data for a year, it will be difficult to analyse their turnover, as it was indicated above that data for at least two or more years is required to perform growth in turnover.

#### 4.6 SECTION C: MENTORING PROVIDED BY MCLM AND OPERATIONS

In this section, the respondents were asked questions focusing on issues relating to the MCLM mentorship programme.

##### 4.6.1 Evaluation of the general management skills covered during the MCLM mentorship programme

The respondents had to indicate by choosing “Yes” or “No” on how adequately each of the general management skills had been covered. As noted in the literature review, Oosthuizen (2002:99) views general management skills as basic functions conducted by all managers at any management level. The list of general management skills included business management,

financial management, marketing management and peoples' management. Each of these skills are discussed below.

- **Business management skills**

Business skills are required to run a business on a daily basis (Botha, 2006:70). To run a successful business, a diverse range of business management skills are needed, which include: delegation, problem-solving, time management and negotiation skills. Having inadequate business management skills is one of the most prominent reasons for failures of SMEs (Viviers, *et al*; 2001:5; Monk, 2000:12).

- **Financial management skills**

Financial management abilities are knowledge of the resources required to run the type of business the venture is in and the ability to monitor and control these resources (Ayotte, 2007:179). Financial management includes knowledge and understanding of bookkeeping, management of payroll, management of debtors and profit planning.

- **Marketing skills**

Marketing skills include conducting research and analysis, understanding the needs of the market, devising a marketing strategy, marketing planning, identifying the marketing mix (price, product, place, promotion, location, people and process), identifying a target market, and selecting a selling strategy for that market. They also include quality-driven client service based on client needs, selling, product development, promotions, advertising, merchandising, public relations, competitor knowledge, analysis, and developing strategies to surpass the competition (Monk, 2000:12; Tustin, 2003:26).

- **People skills**

People skills comprise the ability to communicate effectively with people in a friendly way, especially in business. People skills include interpersonal skills, arranging teamwork, giving positive and constructive feedback, assigning tasks, resolving conflict, motivating employees and delegating (Thornhill and Amit, 2003:506).

**Figure 4.7: Evaluation of the general management skills covered during the MCLM mentorship programme**

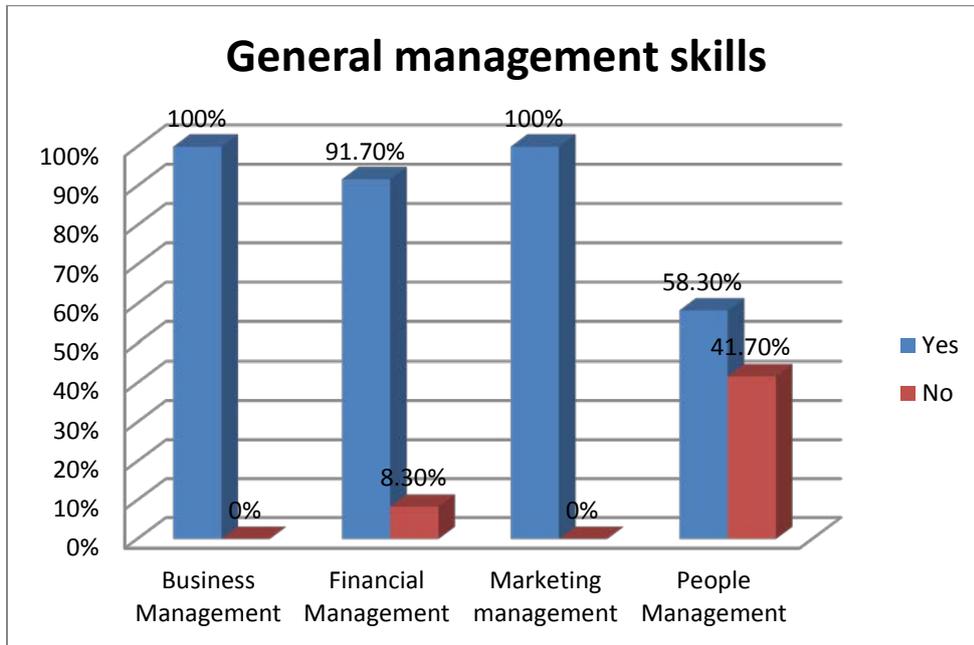


Figure 4.7 highlights that the majority of the respondents (90%) were satisfied that three of the general management skills were covered extremely well, with only 58.3% of them feeling that peoples’ management was quite covered. The other 41.7% of the respondents were not satisfied that peoples’ management skills, as they felt these were not adequately covered. Of the respondents, only 8.3% of them felt that financial management skills were not covered at all.

The findings also suggest that people’s management skills were not well covered and should be substantially improved. SMME failure is often due to a lack of general management experience (Nieman, 2001:446).

#### **4.6.2 Time in the business cycle in which assistance was provided**

Any SMME goes through a number of stages in its life cycle. Life cycle refers to the succession of stages a business passes through during its time of existence. The different stages described in this cycle are start-up, growing and mature/declining. However, the names of these stages were altered to ensure that the respondents all had the same interpretation of each stage and to obtain accurate information (Ferreira, 2007:208).

The life cycle was divided into four-time zones as indicated in table 4.5. These time zones include the following:

- before starting your business (this was included to elicit specific information on this time);
- during the first six months (correlating with start-up phase);
- during the first two years (correlating with growing phase);
- after the first two years (correlating with mature or declining phase).

An option of “continuously” was also added to accommodate those respondents who had been assisted continuously and not only in one or two phases. In table 4.5, the respondents were asked to indicate either “Yes” or “No” on the life cycle.

**Table 4.5: When assistance was provided**

Valid 1 (Yes)			Valid 2 (No)		
	Frequency	Percentage		Frequency	Percentage
Before starting your business	12	54.5	Before starting your business	8	45.5
During the first six months	15	58.3	During the first six months	6	41.7
During the first two years	12	54.5	During the first two years	8	45.5
After the first two years	3	30	After the first two years	16	70
Continuously	8	45.5	Continuously	12	54.5

Table 4.5 depicts that twelve (54.5%) respondents reported that they got assisted before they started their business, and eight (45.5%) said no, there were never assisted when starting their businesses, fifteen (58.3%) of the respondents were provided with assistance during the first six months, while six (41.7%) respondents said they never got training in the first six months. Of the respondents, twelve (54.5%) said they got assisted during the first two years, while the other eight (45.5%) said they did not get assistance during the first two years. Assistance after the first two years of existence of SMMEs does not seem to have that much value to owners/managers, since only three (30%) of the respondents received assistance, while sixteen (70%) of the respondents indicated that they never received assistance at the same

stage. Eight (45.5%) of the respondents opined that assistance should be continuous, and the other twelve (54.5%) felt it should not continue.

#### 4.6.3 How good was the MCLM Plato mentorship programme?

Since the primary objective of this study was to evaluate the effectiveness of the interventions made by Mogale City Plato mentorship programme in order to promote growth and sustainability of SMMEs at MCLM, it was necessary to find out from the respondents if their businesses are growing and sustainable.

Respondents were asked to indicate their satisfaction by either a “Yes” or “No” as regards whether there were improvements or not on the above-mentioned. The questions were as follows: Did the programme improve your ability to manage your business? Did the programme help you increase sales? Did the programme help you increase the profit? After attending the programme, did you have better control over the cash flow of the business? Did you manage paying salaries and wages for at least three and half years?

**Figure 4.8: How good was the MCLM Plato mentorship programme?**

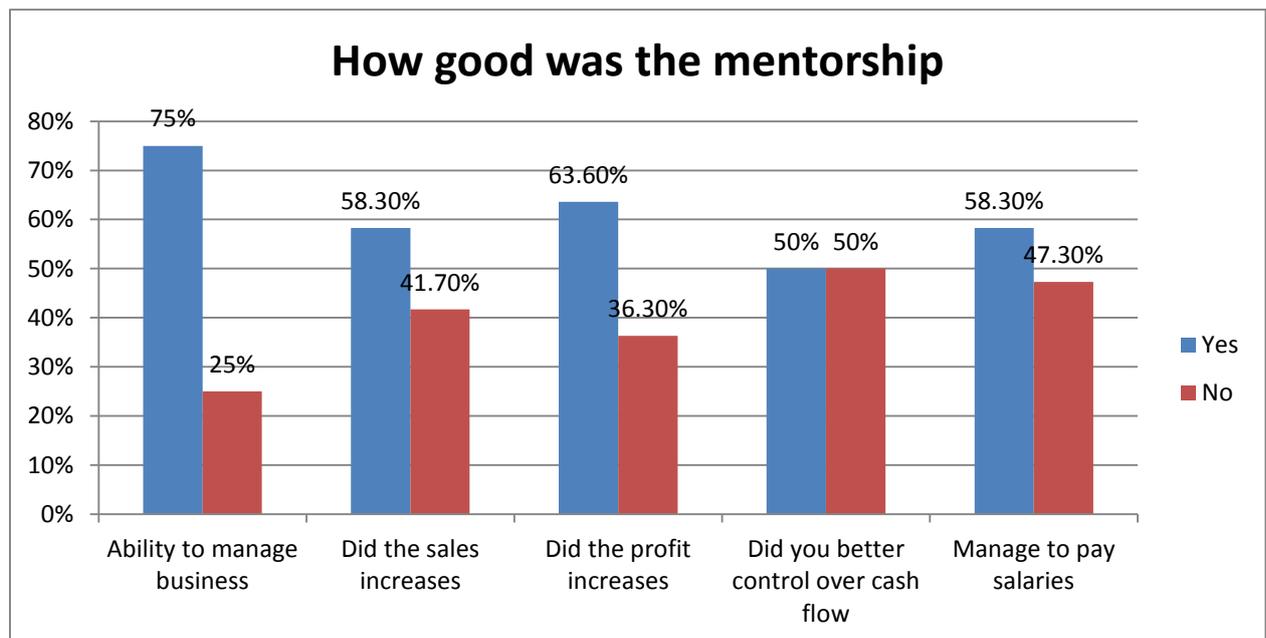


Figure 4.8 indicates that 75% of the respondents felt the mentorship programme was good because there was an improvement in their ability to manage their business, while 25% of them felt their ability to manage their business never improved. Ferreira (2007:76) indicated that there are many reasons why SMMEs fail, but the main reasons for the failure all have to do with management in some way or another as mentioned in the literature chapter.

Furthermore, 63.6% of the respondents indicate that they are happy with the programme because the profit gained by their businesses increased, whereas 36.3% of the respondents felt unhappy, as their profit did not increase. Buys (2012:9) stated that it was found that the more innovative a product, the higher the profits of the SMME. In their study, Botha, *et al* (2006) stated that after attending a training programme, improvement was evident in the profitability.

The figure also shows that 58.3% of the owners/managers felt the programme was good because they saw an increase in their sales, while the other 41.7% of the respondents did not have an increase in their sales. An increase in sales is the most critical outcome of interventions because it contributes to the growth of the business (Swanepoel, 2008:213). This is in line with the findings of Botha, *et al* (2006) who found that empowering entrepreneurs with effective training increases turnover/sales.

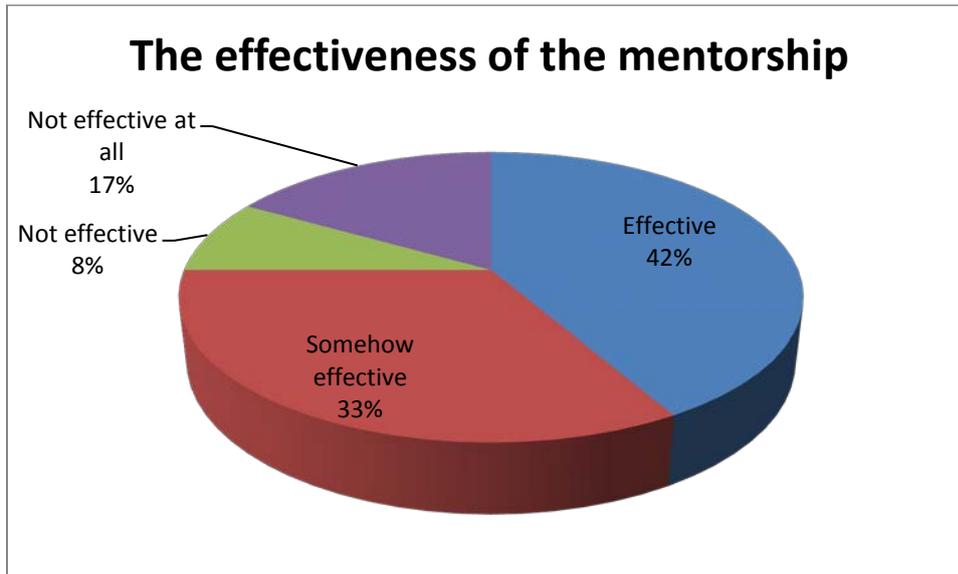
In addition, 58.3% of the owners/managers also managed to pay salaries to their employees, and 47.3% of them felt that they did not manage to pay salaries, hence the reason they felt the programme was not good. Of the respondents, 50% of them felt the programme was good because they had better control over their cash flow. Swanepoel (2008:216) posits that cash flow is of critical importance for businesses. Lack of cash flow is one of the main contributors to business failure. The responses to all the foregoing statements were overwhelmingly positive. Most of the owners/managers were able to manage their businesses, and because of that, their businesses were profitable. The sales of their businesses had also increased, and they had also been paying salaries and wages. They also manage to control their cash flow. This implies that the majority of the respondents feel that their businesses are growing and sustainable.

In conclusion, the mentorship programme had good results, since most SMME owners/managers seem to have benefited from the programme. The researcher assumes that the reason why those SMMEs that appear not to have done well may be that they were still trying to recover from the 2008 recession that impacted most businesses worldwide.

#### 4.6.4 How do you rate the effectiveness of the MCLM Plato mentorship programme?

The respondents were asked to indicate what they thought about the effectiveness of the MCLM Plato mentorship programme in terms of helping to improve business.

Figure 4.9: Ratings on the effectiveness of the MCLM mentorship programme



From figure 4.9, it is illustrated that 42% of the respondents stated that the programme was effective, while 33% said it was somehow effective. Seventeen per cent of the respondents thought the programme was not effective at all, and a minority of the respondents (about 8%) said it was not effective. In a previous figure, figure 4.7, the majority of the respondents said they were satisfied with the way general management skills were covered during the mentorship programme, while in figure 4.9, those who indicated that the mentorship programme is effective cited the following reasons: ability to manage business, increase in sales, increase in profit, and manage to pay salaries. It was also evident from the findings in figure 4.9 that 75% (42% + 33%) of the respondents agreed that the mentorship programme was effective. This agrees with the assumption that the programme was effective.

#### 4.6.5 Funding from financial institutions

The respondents were asked to disclose if they had received funds from any financial institution after they attended the mentorship programme by indicating “Yes” or “No”. Table 4.6 presents the respondents’ responses as to whether they indeed received funding from any financial institution.

**Table 4.6: Assistance from financial institutions**

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid 1 (Yes)	11	8.3	8.3	8.3
2 (No)	39	91.7	91.7	100.0
Total	50	100.0	100.0	

The majority of the respondents (91.7%) highlighted that they do not receive funding from financial institutions. On the other hand, 8.3% of the respondents did receive financial assistance from financial institutions, and they also think these institutions are doing enough to fund small businesses for their growth and development. The interpretation may be that even though financial institution made funding available, SMMEs may not be in a position to access them due to a number of reasons evidenced in the literature, i.e. risk aversion of the banking sector towards SMMEs, high cost of finance, difficulty in gaining access to credit, and lack of microfinance initiatives. According to Watson (2004:43), many South African financial institutions view small businesses as high-risk prospects that lack records, collateral and business experience.

#### 4.6.6 Do you know of any government funding?

The owners/managers were also asked if they were aware of assistance from government with regard to funding.

**Figure 4.10: Knowledge of government funding**

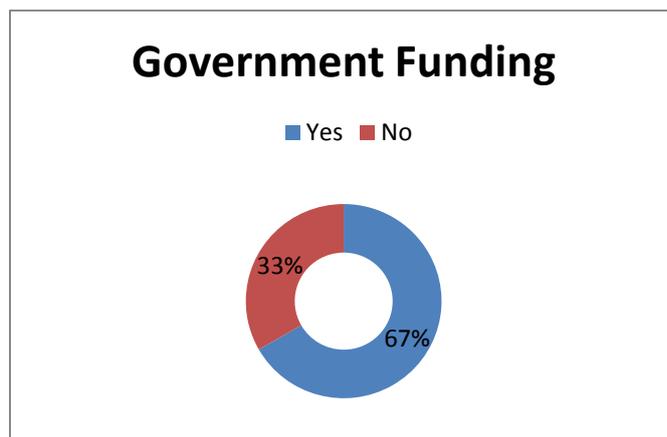


Figure 4.10 reveals that the majority of the respondents (67%) were aware that the government offers financial assistance, while 33% of the respondents did not have that

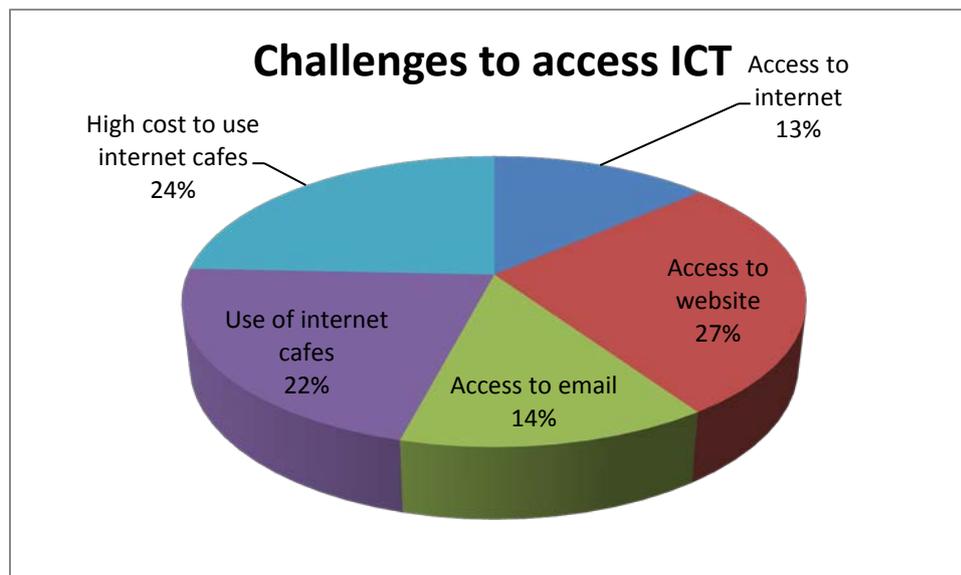
knowledge. This indicates that the majority of owners/managers are aware that if they failed to secure funding from financial institutions, they can go to government bodies or agencies to seek assistance with funding.

Government agencies included Khula. Khula is a wholesale agency that provides financial support to small businesses. It does not provide finance directly but provides financial support through commercial banks and retail financial intermediaries. Khula does not offer funding as such, but it plays a pivotal role as a credit guarantor towards the banks that it has arrangements with (Nieman and Nieuwenhuizen, 2009:202). These entities were specifically created by the South African government to promote the SMME sector.

#### 4.6.7 Challenges faced in accessing technology

The respondents were asked to indicate the challenges they faced when accessing technologies. As indicated in the literature chapter, accessing technology was identified as one of the constraints facing SMMEs' development.

**Figure 4.11: Challenges faced accessing technologies**



From figure 4.11, it was evident that 27% of the respondents had challenges in accessing websites, 24% of the respondents had problems with the high cost of using internet cafes, and 22% faced challenges with respect to the use of internet cafes. A minority of the respondents (14% and 13%) had problems with access to emails and access to the Internet. Nieman and Nieuwenhuizen (2009:36) state that the use of appropriate technology is one of the most important factors behind a successful SMME's competitive advantage. The use of up-to-date

and new technology leads to better and more competitive products and services, improved efficiency, reduced operational and production costs, and improved quality of products and services.

#### 4.6.8 Market available for the product

The respondents were asked if they are aware of the market available for their product.

**Table 4.7: Market availability for the product**

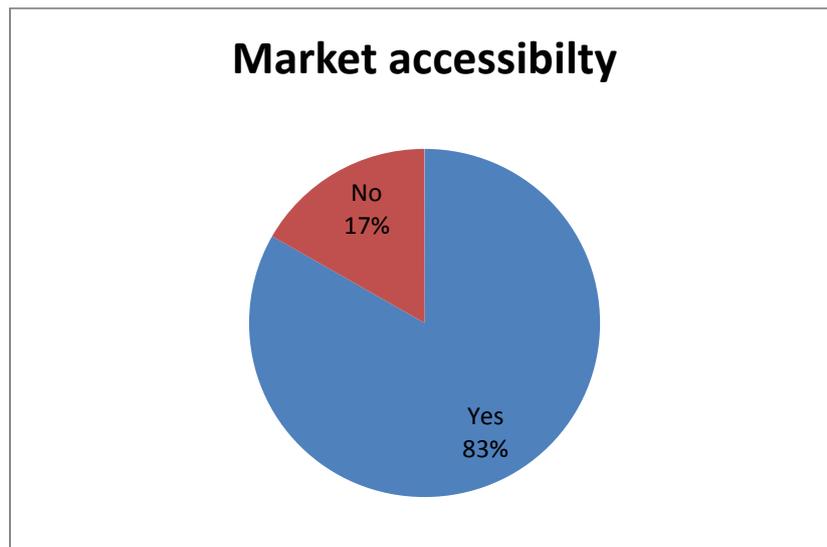
	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid 1 (Yes)	39	91.7	91.7	91.7
2 (No)	11	8.3	8.3	100.0
Total	50	100.0	100.0	

Table 4.7 highlights that the majority of the respondents (91.7%) were aware of the market available for their products, while 8.3% said they were not aware. This indicates that the majority of owners/managers do not have a problem with marketing their products. Rwigema and Venter (2004:252) warn that poorly defined markets and insufficient market environment analysis can result in limited planning for SMMEs.

#### 4.6.9 Accessibility of the market available to SMMEs

Figure 4.12 presents the market accessibility to the respondents.

**Figure 4.12: Market accessibility to SMMEs**



From figure 4.12, it is evident that the majority of the respondents (83%) indicated that the market was accessible to SMMEs, while 17% of the respondents said it is difficult to access the market. As indicated in the literature, Soresen quoted by Olawale and Garwe (2010:731) said that geographical proximity to either critical buyers or suppliers produces a form of enhanced environment scanning that enables new firms to more easily identify and exploit growth opportunities in the market.

#### 4.6.10 Are you in possession of any marketing skills after mentorship?

The respondents were asked if they were in possession of any marketing skills.

**Table 4.8: Possession of marketing skills**

	<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>	<b>Cumulative percentage</b>
Valid 1 (Yes)	39	75.0	75.0	75.0
2 (No)	11	25.0	25.0	100.0
Total	50	100.0	100.0	

Table 4.8 reveals that the majority of the respondents (75%) are in possession of marketing skills, whereas 25% of the respondents indicated that they were not in possession of any marketing skills. The majority of the owners/managers have knowledge of their customers and know how to sell their products. Gartner, Starr and Bhat (1999:230) declare that successful entrepreneurs have abilities to identify niche markets, to identify paying customers and analyse competitors, while Hankinson (2000:94) posits that marketing is one of the key skills needed by SMEs.

## 4.7 CONCLUSION

This chapter presented the results of the research findings using descriptive statistics. Relevant data was presented in tables and figures. The demographic data of the respondents which covered aspects of respondents such as age, level of education and gender were presented by means of tables and figures. The next chapter of this study will summarise the study and provide recommendations for future research.

## **CHAPTER 5: CONCLUSION AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

In the penultimate chapter, the results of the data of the study were presented and interpreted. This chapter presents the conclusion and provides recommendations for future studies.

In South Africa, policies and programmes to support small business development are a critical part of the democratic government's strategy to create a better life for all. As indicated in Chapter 1, the South African government has for many years committed itself to the promotion and growth of the SMME sector as a means of reducing unemployment. Its aims are to develop a strong SMME sector by increasing the number of new ventures and creating an enabling environment to ensure the survival and growth of SMMEs (Ferreira, 2007:1).

The local government must play a key role to ensure that the strategies aimed at SMME development and promotion are taken into consideration to realise the government's goal of having sustainable SMMEs which contribute towards economic growth and create employment. Mogale City saw the need to support SMMEs and through its department of Enterprise Development, created an enabling environment for local business people who come through the ranks of the Plato mentorship programme to share their success and challenges.

This chapter comprises the following: a brief summary of research objectives, an overview of the literature review, a summary of major aspects from the literature review, the major findings of the study, and recommendations and future suggestions for future research.

### **5.2 BRIEF SUMMARY OF RESEARCH OBJECTIVES**

The primary objective of this study was to evaluate the effectiveness of the interventions made by the Mogale City Plato mentorship programme to promote growth and sustainability of SMMEs as implemented by MCLM. To achieve the primary objective of the study, secondary objectives were formulated.

The secondary objectives of the study were as follows:

- To determine the different types of business interventions implemented by the Mogale City Plato mentorship programme.
- To determine the benefits received by small business owners from the mentorship programme.
- To evaluate the challenges small business owners at MCLM are facing.

The secondary objectives were addressed and achieved by means of a literature review and statistical analysis.

### **5.3 OVERVIEW OF THE LITERATURE REVIEW**

The literature review was covered in Chapter 2. The following is a brief overview of the literature. An overview background of the classification of enterprises in South Africa, as they are defined in the National Small Business Amendment Act 29 of 2004, was given (South Africa, 2004). The importance of management and general management skills were outlined, as they are identified as the main reasons why SMMEs failed (Ferreira, 2007:76). Viviers, *et al* (2001:11) indicate that SME failure is often due to a lack of general management experience. Dockel and Lighthelm (2005:61) identify general management skills as one of the key factors in entrepreneurial performance.

A critical review of literature pertinent to business interventions was covered in Chapter 2. The main purpose was to give a background to business interventions concepts and support to promote growth and sustainability of SMMEs. Different concepts associated with business interventions were discussed, i.e. business mentoring, business networking, business counselling, business coaching, and business advising. The study evaluated the effectiveness of interventions made by the MCLM Plato mentorship programme by surveying SMMEs in and around MCLM that took part in the programme, with the purpose of establishing factors influencing their sustainability and the challenges they are faced with. The measurement of mentorship effectiveness was also covered. The benefits of business interventions to entrepreneurs and small businesses were also covered.

The chapter also outlined different challenges faced by SMMEs in South Africa. In South Africa, an unacceptable and disappointingly high number of SMMEs fail during their early years of operation, and they faced challenges. Those challenges that are believed to be

hindering growth and sustainability of SMMEs were highlighted, as well as ways to overcome those barriers. The next section will focus on the major aspect of the study from the literature review.

#### **5.4 SUMMARY OF MAJOR ASPECTS FROM THE LITERATURE REVIEW**

This section focuses on major aspects of the literature review in relation to the findings of the study. In Chapter 2, the importance of management and general management skills were covered. The mentorship creates an opportunity for SMME owners/managers to sustain or advance by providing aid in the form of business management skills and assisting in advancing the skill level of entrepreneurial individuals with business management knowledge and management experience. This contributes to the sustainability of business operations. The results in table 4.2 indicated that 83.3% of the businesses existed for four years or more. SMME failure is often due to a lack of general management experience (Nieman, 2001:446). Zulu (2014a:1) noted that almost 80% of SMMEs in South Africa fail in their first year of operation, while around half of those that survived the first years remained in business for five years. During the launch of a start-up Nation, a global entrepreneurship platform in South Africa, Zulu (2014b:1) reminded the audience that small businesses have only a 37% chance of surviving for four years and only a 9% chance of surviving for 10 years.

In Chapter 2, the measurement of mentorship effectiveness was also covered. To evaluate the effectiveness of Plato mentorship programme, a suggestion made by Kirkpatrick (1967:98) was adopted. Kirkpatrick suggested the following: Reaction measures are used to find out trainees' satisfaction with the training programme. This evaluation is done at the completion of the training programme and consists of a number of questions about the course that participants rate according to their level of satisfaction, learning measures and behaviour measures that assess the effect of the training on entrepreneurial factors. Learning measures are also used to assess the gain in training specific skills, increasing knowledge and changing attitudes. Behaviour measures are conducted to find out whether the participants were able to apply these skills to job situations. Post-training success measures are used to measure training outcomes in terms of economic factors such as profiles, costs, productivity and quality. The findings in figure 4.7 revealed that more than 58% of the respondents were satisfied that general management skills were covered well. The results also showed that the majority of the respondents (67%) showed that they found their business to be stable and growing.

Different types of business interventions were covered in Chapter 2 to understand the importance of business support. Initiatives in order to support businesses, such as a friendly regulatory environment, access to financing and differential taxation, have been undertaken by the South African government through its National Strategy for Promotion and Development of Small Business (DTI, 1995). Small businesses proved worldwide to be the engine of economic development. Despite the efforts taken by the concerned stakeholders to boost entrepreneurs and small businesses, research indicates that most of them still fail (see section 1.3 of Chapter 1). Martin (2008:68) postulated that support practitioners need knowledge, skills and competencies of the practice disciplines to enable them to assist entrepreneurs and small businesses to effectively meet the various venture life cycle challenges. Support practitioners should thus be able to determine when a specific discipline is required and appropriate as an intervention methodology (Martin, 2008:68).

Chapter 2 also discussed the challenges faced by SMME owners/managers in running their businesses in South Africa. In South Africa, an unacceptable and disappointingly high number of SMMEs fail during their early years of operation, and they face challenges. According to Nieman and Nieuwenhuizen (2009:35), the largest percentage of SMMEs fail during the first two years of their existence, due to cash flow problems that arise because they could not manage growth. Muchau (2013:37) sought to obtain information on what the respondents' thoughts are respecting the major challenges that they experienced in their business. The study concluded that despite the majority, if not all entrepreneurs, surveyed who have undergone a mentorship programme, the challenges that they are still facing speak volumes of the effectiveness of the mentorship programme for the enterprises. This information on challenges that affected entrepreneurs is a pointer not only to mentors but also to business owners/managers regarding the need to address these challenges in the best way possible in order to improve SMMEs' performance.

## **5.5 FINDINGS OF THE STUDY**

### **(1) The study assumed that Plato mentorship programme at MCLM is effective**

The findings of the study indicated that 75% of the respondents found the programme to be effective. In figure 4.7, it was highlighted that the majority of the respondents said they were satisfied with the way general management skills were covered during the mentorship programme, while in figure 4.9, respondents who indicated that the mentorship programme was effective cited the following reasons: they are able to manage their business, sales figures increase, increase in profit, and manage to pay salaries. Therefore, it was concluded that owners/managers who took part in the mentorship programme acknowledged that the programme was effective and increased business performance.

### **(2) The study assumed that business owners face challenges in running their businesses**

Concerning challenges experienced by owners/managers in the conduct of businesses, the study clearly showed that owners/managers encounter different challenges (as discussed in Chapter 2). This spoke volumes of the effectiveness of the mentorship programme on businesses. Although overall mentoring outcomes are viewed positively (Boyd, 1998), there are a few areas where dissatisfaction has been notice, which Eby, McManus, Simon and Russell (2000) attributed to dissimilar attitudes, values and beliefs. It is also clear that some mentoring failed because of, for example, lack of clarity and purpose, insufficient training and measurement (Clutterbuck, 2011). In his study, Gravells (2006) found that mentoring was considered not only important but the most effective source of help for entrepreneurs in topics considered most crucial such as financial planning, marketing and pricing, regulation, and access to information. The researcher agrees with the study by Muchau (2013) that concluded that the information on challenges that affected entrepreneurs is a pointer not only to mentors but also to business owners/managers with respect to the need to address these challenges in the best urgent ways possible in order to improve growth and sustainability. Therefore, the study agrees that business owners face challenges when running their businesses.

### **(3) The study assumed that owners received benefits from the MCLM mentorship programme**

More than 90% of the respondents seemed to benefit from the assistance received from mentorship with regard to business management, financial management and marketing

management, while 58% of them were benefited by people's skills assistance from the mentorship. Of the respondents, about 41.7% were dissatisfied with the assistance received from mentorship in the area of people's management. The overall satisfaction of the respondents with the benefits of the mentorship programme was high. Therefore, the study agrees with the assumption that owners received benefits from the MCLM mentorship programme.

#### **(4) The study assumed that the Plato business intervention was successful**

The findings of the study indicated that more than 50% of the respondents felt that the Plato business intervention was successful. Table 4.5 showed that 54.5% got assisted before they started their businesses, and only 45.5% said they never got assistance when starting their businesses. The same table showed that 58.3% of the respondents received business intervention during the first six months, whereas 41.7% never got any business intervention. Of the respondents, 54.5% got assisted during the first two years of operations, while the other 45.5% never got any assistance during that period. Figure 4.4 revealed that the majority of the respondents, i.e. 67% (41.7% + 25%), over the past 12 months found their businesses to be stable and growing. This is a clear indication that the Plato business intervention was successful. Therefore, the study concurs with the assumption that the Plato business intervention was successful.

## **5.6 RECOMMENDATIONS**

This section elaborates on the recommended strategies to improve the performance of South African SMMEs. The strategies are based on the findings of the study. Recommendations for further research are also suggested.

The recommendations that follow are made based on the findings and conclusions of this study.

- The study recommends the MCLM to set an office for mentoring individuals/groups in the municipality. This means within MCLM, there should be a mentoring office and training twice a month that is aimed at helping business people know how to improve their business and manage challenges and take advantage of opportunities around them.

- The study recommends that there should be online mentoring, from where the mentors and mentees can exchange ideas, especially if they are unable to meet face to face. This can be accomplished through text messages, seeing that people today are able to send text messages to people across the world or chat with others online. There should be a flat form where mentorship programmes can link people across the municipality and information can be accessed and reached quickly.
- The study recommends that before the municipality issues a new business permit/licence, the applicant should have attended a mentorship programme and acquired a certificate of completion. This is because during training, the mentees would have discussed the viability of the business they want to venture into and helped to come up with a business plan that would act as a roadmap to starting a business. The study recommends that the municipality creates an incubating site for new owners/managers. Business incubation is an economic developmental tool to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services. The new owners/managers could share common services such as secretarial services, bookkeeping, and boardrooms.
- From figure 4.11, it was evident that 27% of the respondents had challenges in accessing websites, 24% of the respondents had problem with the high cost of using internet cafes, and 22% faced challenges with regard to the use of internet cafes. A minority of the respondents (14% and 13%) had problems with access to email and access to the Internet. Nieman and Nieuwenhiizen (2009:36) stated that the use of appropriate technology is one of the most important factors behind a successful SMME's competitive advantage. The use of up-to-date and new technology leads to better and more competitive products and services, improved efficiency, reduced operational and production costs and improved quality of product and services. The study also recommends that MCLM should provide small business owners with access to appropriate ICT and serious consideration should be given to the implementation of active learning through skill development programmes to improve their skills on the use of appropriate technology.

## **5.7 LIMITATIONS OF THE STUDY**

The study, like any other research, has some limitations. First, the study was limited to SMMEs in Mogale City Local Municipality that took part in the mentorship programme. The sample used for this study is small; hence, one cannot generalise the results. Secondly, the data collection method used was a self-administered questionnaire. This may influence the results, as each individual may have their own way of interpreting the questions, and there may be some bias involved. All these may have some effect on the results.

## **5.8 SUGGESTIONS FOR FUTURE RESEARCH**

Given the limited number of studies examining mentoring programmes and their effects, many issues remain for future research. This study focused on mentoring programmes for SMMEs' growth and sustainability.

Future studies might investigate the effect of business mentoring on performance indicators such as SMMEs' survival and profitability. Studies should also be done to investigate the challenges that face SMMEs in the quest to get maximum output from skills gained from business mentorship programmes.

The mentoring relationship has in part been defined as a long-term relationship. This study stipulated that the duration spent with owners/managers was one to two years. Future research can be conducted into the time spent with owners/managers in terms of the services provided. Skills associated with entrepreneurial process have been well researched. This study also identified the important skills required by the owners/managers of SMMEs in order for them to improve growth and sustainability of their SMMEs. Future research can be conducted into how a business mentor imparts these skills to the mentee.

This chapter, being the final chapter, drew conclusions, made recommendations and identified areas of future research.

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## ANNEXURES

### ANNEXURE A

#### SURVEY QUESTIONNAIRES

##### SECTION 1: Demographic information

		For office use only																
		V1																
		<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%;"></td> <td style="width: 33%;"></td> </tr> </table>																
		1-3																
1	<p>What is your age group?</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">18-20 years</td> <td style="width: 30%; text-align: center;">1</td> </tr> <tr> <td>21-30years</td> <td style="text-align: center;">2</td> </tr> <tr> <td>31-40 years</td> <td style="text-align: center;">3</td> </tr> <tr> <td>41-50 years</td> <td style="text-align: center;">4</td> </tr> <tr> <td>51-60 years</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Over 60 years</td> <td style="text-align: center;">6</td> </tr> </table>	18-20 years	1	21-30years	2	31-40 years	3	41-50 years	4	51-60 years	5	Over 60 years	6	V2				
18-20 years	1																	
21-30years	2																	
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Over 60 years	6																	
		<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 30%; text-align: center;">4</td> </tr> </table>		4														
	4																	
2	<p>What is your highest level of education?</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Lower than matric</td> <td style="width: 30%; text-align: center;">1</td> </tr> <tr> <td>Matric/Grade 12</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Diploma</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Degree</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Honours degree</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Masters</td> <td style="text-align: center;">6</td> </tr> <tr> <td>Doctorate</td> <td style="text-align: center;">7</td> </tr> <tr> <td>Other (specify)</td> <td style="text-align: center;">8</td> </tr> </table>	Lower than matric	1	Matric/Grade 12	2	Diploma	3	Degree	4	Honours degree	5	Masters	6	Doctorate	7	Other (specify)	8	V3
Lower than matric	1																	
Matric/Grade 12	2																	
Diploma	3																	
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Doctorate	7																	
Other (specify)	8																	
		<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 30%; text-align: center;">5</td> </tr> </table>		5														
	5																	
3	Gender	V4																

	Male	1			6
	Female	2			

## SECTION 2: Business profile

1	How long has your business been in operations?		V5
	Under 1 Year	1	7
	1-4 Years	2	
	5-10 Years	3	
	11-20 Years	4	
	21 Years and more	5	
2	When you start your business, how much experience in a similar business did you have? (e.g. manufacturing or selling a similar product or delivering a similar services).		V6
	None	1	8
	To some extent	2	
	Quite a bit	3	
	A lot	4	
3	What type of ownership is your business?		V7
	<b>Type of ownership</b>		9
	Sole proprietor	1	
	Partnership	2	
	Close corporation	3	
	Private company	4	
	Other	5	
4	How would you classify your business based on the number of people employed?		V8
	1 person business	1	10
	2-5 employees (Micro)	2	
	6-20 employees	3	

	(Very Small)			
	21-50 employees (Small)	4		
	More than 50 employees	5		
5	Please indicate your gross monthly sales:			V9
	<b>Gross sales</b>	<b>Circle one only</b>		11
	0-R5 000	1		
	R5 001-R15 000	2		
	R15 001-R30 000	3		
	R30 000+	4		
	Don't know	5		
6	Please indicate the total market value of the assets of the business:			V10
	<b>Gross asset value</b>	<b>Circle one only</b>		12
	0-R75 000	1		
	R75 001-R150 000	2		
	R150 001-R250 000	3		
	R250 000+	4		
	Don't know	5		
7	Without mentioning specifics has the turnover(most recent financial year)of your			V11
	Increased	1		13
	Remained stable	2		
	Decrease	3		

**SECTION 3: Mentoring provided by Mogale City Mentorship Programme**

1	During the mentorship programme, were each of the following skills covered? Indicate your answer by either "Yes or No"			V12		
					14	
	<b>SKILLS</b>		<b>Yes</b>	<b>No</b>		
	Business Management skills		1	2		
	Financial Management skill		1	2		
Marketing skills		1	2			
People kills		1	2			
2	Except participating in the Mogale City Plato Mentorship programme. When did you make use of the other assistance/intervention			V13		
					15	
	<b>Period</b>		<b>Yes</b>	<b>No</b>		
	Before starting your business		1	2		
	During the first six months		1	2		
	During the first 2 years		1	2		
	After the first 2 years		1	2		
Continuously		1	2			
3	In your opinion how good was Mogale City mentorship Plato programme with regard to the following? Indicate your answer by either "Yes or No"			V14		
					20	
	<b>Plato Mentorship</b>		<b>Yes</b>	<b>NO</b>		
	Did the programme improve your ability to manage your business?		1	2		
	Did the programme help you to increase sales?		1	2		
	Did the programme help you increase the profit?		1	2		
	After attending the programme did you have better control over the cash flow of the business?		1	2		
	Did you manage paying salaries and wages for at least three and half years?		1	2		
				21		
				22		
				23		
				24		
				25		
				26		

4	<p>How do you rate the effectiveness of the MCLM Plato mentorship programme?</p> <table border="1" data-bbox="288 304 933 667"> <tr> <td data-bbox="288 304 387 495">Very effective</td> <td data-bbox="387 304 486 495">Effective</td> <td data-bbox="486 304 628 495">Somehow effective</td> <td data-bbox="628 304 762 495">Not effective</td> <td data-bbox="762 304 933 495">Not effective at all</td> </tr> <tr> <td data-bbox="288 495 387 667">1</td> <td data-bbox="387 495 486 667">2</td> <td data-bbox="486 495 628 667">3</td> <td data-bbox="628 495 762 667">4</td> <td data-bbox="762 495 933 667">5</td> </tr> </table>	Very effective	Effective	Somehow effective	Not effective	Not effective at all	1	2	3	4	5	<p>V15</p> <table border="1" data-bbox="1246 248 1382 304"> <tr> <td data-bbox="1246 248 1310 304"></td> <td data-bbox="1310 248 1382 304">28</td> </tr> </table>		28								
Very effective	Effective	Somehow effective	Not effective	Not effective at all																		
1	2	3	4	5																		
	28																					
5	<p>Did you receive any finance from Financial Institutions?</p> <table border="1" data-bbox="288 730 486 909"> <tr> <td data-bbox="288 730 387 797"><b>Yes</b></td> <td data-bbox="387 730 486 797">1</td> </tr> <tr> <td data-bbox="288 797 387 909"><b>No</b></td> <td data-bbox="387 797 486 909">2</td> </tr> </table>	<b>Yes</b>	1	<b>No</b>	2	<p>V16</p> <table border="1" data-bbox="1246 730 1382 786"> <tr> <td data-bbox="1246 730 1310 786"></td> <td data-bbox="1310 730 1382 786">29</td> </tr> </table>		29														
<b>Yes</b>	1																					
<b>No</b>	2																					
	29																					
6	<p>Do you know of any government funding?</p> <table border="1" data-bbox="288 972 486 1140"> <tr> <td data-bbox="288 972 387 1028"><b>Yes</b></td> <td data-bbox="387 972 486 1028">1</td> </tr> <tr> <td data-bbox="288 1028 387 1084"></td> <td data-bbox="387 1028 486 1084"></td> </tr> <tr> <td data-bbox="288 1084 387 1140"><b>No</b></td> <td data-bbox="387 1084 486 1140">2</td> </tr> </table>	<b>Yes</b>	1			<b>No</b>	2	<p>V17</p> <table border="1" data-bbox="1246 972 1382 1028"> <tr> <td data-bbox="1246 972 1310 1028"></td> <td data-bbox="1310 972 1382 1028">29</td> </tr> </table>		29												
<b>Yes</b>	1																					
<b>No</b>	2																					
	29																					
7	<p>What are the challenges that you face when accessing technologies? (Select three most challenging)</p> <table border="1" data-bbox="288 1357 730 1805"> <tr> <td data-bbox="288 1357 588 1469">Access to internet</td> <td data-bbox="588 1357 730 1469">1</td> </tr> <tr> <td data-bbox="288 1469 588 1570">Access to website</td> <td data-bbox="588 1469 730 1570">2</td> </tr> <tr> <td data-bbox="288 1570 588 1626">Access to email</td> <td data-bbox="588 1570 730 1626">3</td> </tr> <tr> <td data-bbox="288 1626 588 1693">Use of internet cafés</td> <td data-bbox="588 1626 730 1693">4</td> </tr> <tr> <td data-bbox="288 1693 588 1805">High cost to use internet cafés</td> <td data-bbox="588 1693 730 1805">5</td> </tr> </table>	Access to internet	1	Access to website	2	Access to email	3	Use of internet cafés	4	High cost to use internet cafés	5	<p>V18</p> <table border="1" data-bbox="1246 1301 1382 1693"> <tr> <td data-bbox="1246 1301 1310 1413"></td> <td data-bbox="1310 1301 1382 1413">30</td> </tr> <tr> <td data-bbox="1246 1413 1310 1525"></td> <td data-bbox="1310 1413 1382 1525">31</td> </tr> <tr> <td data-bbox="1246 1525 1310 1637"></td> <td data-bbox="1310 1525 1382 1637">32</td> </tr> <tr> <td data-bbox="1246 1637 1310 1749"></td> <td data-bbox="1310 1637 1382 1749">33</td> </tr> <tr> <td data-bbox="1246 1749 1310 1861"></td> <td data-bbox="1310 1749 1382 1861">34</td> </tr> </table>		30		31		32		33		34
Access to internet	1																					
Access to website	2																					
Access to email	3																					
Use of internet cafés	4																					
High cost to use internet cafés	5																					
	30																					
	31																					
	32																					
	33																					
	34																					
8	<p>Are you aware of the market available for your product?</p> <table border="1" data-bbox="288 1868 730 1984"> <tr> <td data-bbox="288 1868 560 1924"><b>Yes</b></td> <td data-bbox="560 1868 730 1924">1</td> </tr> <tr> <td data-bbox="288 1924 560 1984"><b>No</b></td> <td data-bbox="560 1924 730 1984">2</td> </tr> </table>	<b>Yes</b>	1	<b>No</b>	2	<p>V19</p> <table border="1" data-bbox="1246 1868 1382 1924"> <tr> <td data-bbox="1246 1868 1310 1924"></td> <td data-bbox="1310 1868 1382 1924">35</td> </tr> </table>		35														
<b>Yes</b>	1																					
<b>No</b>	2																					
	35																					
9	<p>Are the markets available accessible to SMMEs?</p>	<p>V20</p>																				

	<b>Yes</b>	1			36
	<b>No</b>	2			
10	Are you in possession of any marketing skills?			V21	
	<b>Yes</b>	1			37
	<b>No</b>	2			

## **ANNEXURE B**

Dear Participant

M-Tech research project: Survey questionnaire

### **THE EFFECTIVENESS OF MENTORSHIP PROGRAMME OF MOGALE CITY LOCAL MUNICIPALITY FOR SMALL, MEDIUM AND MICRO ENTERPRISES**

I am a student of the University of South Africa (Unisa) registered for the M-Tech degree with my studies focusing on the above-approved topic.

I kindly request your assistance with the research I am conducting. This study is investigating the effectiveness of the interventions made by the Mogale City Plato mentorship programme to promote growth and sustainability of Small, Medium and Micro enterprises (SMMEs) as implemented by MCLM.

**Confidentiality:** All information collected for this research will be treated with the utmost respect and confidentiality and under no circumstances will the names of the participants be linked to comments. The information collected will be aggregated and analysed in its totality. All issues of confidentiality will be adhered to and participation will be voluntary.

It will be appreciated if you would complete the attached questionnaire and **return it within two days**. Please provide your honest response to each of the questions. Mark with an **X** to the box corresponding with your answer.

Should you have any questions contact Avhasei (Contact detail below).

Your participation in this regard is needed and I greatly appreciate your participation and contribution to this Research.

Thank you

AE Makhado

083 296 5414

University of South Africa

23 April 2014

Ref#: 2014 CEMS BM 001

**DEPARTMENT OF BUSINESS MANAGEMENT RESEARCH ETHICS  
REVIEW  
COMMITTEE**

**To: Dr NS Radipere — Postgraduate Supervisor (012 429 4332) for Mr  
Avhasei Erson Makhado - Student number: 40185508**

**From: Prof Watson Ladzani — Chairperson of the Departmental Research Ethics  
Review Committee — Department of Business Management**

**Subject: FEEDBACK ON YOUR STUDENT'S  
APPLICATION**

This is to certify that the application for ethics clearance submitted by you on behalf of your student, Mr Avhasei Erson Makhado — Student number: 40185508 for the study

*The Effectiveness of Mentorship Programme of Mogale City Local  
Municipality for Small, Medium and Micro Enterprises*  
has received **ethical approval.**

**Decision: Application approved**

The application for ethics clearance for the above-mentioned research was reviewed by the Department of Business Management Research Ethics Review Committee on 23 April 2014 in compliance with the Unisa Policy on Research Ethics. **Ethical clearance has been granted.**

This certificate is valid for the duration of your student's research project. Please be advised that the Committee needs to be informed should any part of the research methodology as outlined in the ethics application change in any way or in case of adverse events attributable to participation in the study.

**Disclaimer:**

The student's application complies with ethical requirements. The output of the research is however, the student's own work and does not necessarily reflect the opinion of the University.

The Research Ethics Review Committee wishes you and your student all the best with this research undertakings.

Kind regards,



Prof Watson Ladzani  
Chairperson of the sub-unit RERC  
Department of Business Management



Prof Valiant Olappi  
Executive Dean  
College of Economic and Management  
Sciences

Email: [wladzani@unisa.ac.za](mailto:wladzani@unisa.ac.za) Tel. 012 429 3777

ANNEXURE D



**Mogale City**  
*Local Municipality*

Eng: MT Mathibela

011 668 0676

083 504 7877

21 September 2012

TO: AE MAKHADO

RE: PERMISSION TO CONDUCT RESEARCH ON PLATO PROJECT

The permission to conduct the research on Plato Project is hereby granted however, the municipality will appreciate feedback on the findings once the research has been concluded.

Regards,

MT Mathibela

Specialist SMMEs

A handwritten signature in black ink, appearing to be 'MT Mathibela'.

